



Moses Kotane Local Municipality  
Annual financial statements  
for the year ended 30 June 2018

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## General Information

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<b>Legal form of entity</b>	Municipality
<b>Nature of business and principal activities</b>	<p>The municipality is to, within its financial and administrative capacity :</p> <ul style="list-style-type: none"><li>-provide democratic and accountable government for the community;</li><li>-to ensure the provision of services to the community in a sustainable manner;</li><li>-to promote social and economic development;</li><li>-to promote a safe and healthy environment; and</li><li>- to encourage the involvement of the community and community organisations in the matters of the municipality.</li></ul>
<b>Executive committee</b>	
Mayor	Cllr. R. Diale
Councillors	Cllr. S. Vava (Speaker) Cllr. M. Matshaba (Single whip) Cllr. T. Manganye (Chairperson of MPAC) Cllr C. Motshabi (Portfolio Head of Planning and Development) Cllr. E. Mashimo (Portfolio Head of Local Economic Development) Cllr. D. Tshetlhane (Portfolio Head of Local Economic Development) Cllr. L. Kapari (Portfolio Head of Finance and Corporate Services) Cllr. X. Kheswa (Portfolio Head of Community Services and Public Safety)
<b>Grading of local authority</b>	Medium Four
<b>Accounting Officer</b>	Mr. M.V. Letsoalo
<b>Chief Finance Officer</b>	Mr M. Mkhize
<b>Registered office</b>	Stand No.933 Station Road Unit 3 Mogwase Shopping Complex Mogwase 0314
<b>Business address</b>	Stand No.933 Station Road Unit 3 Mogwase Shopping Complex Mogwase 0314
<b>Postal address</b>	Private Bag X1011 Mogwase 0314
<b>Bankers</b>	Standard bank
<b>Auditors</b>	Auditor General of South Africa

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of Southern Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance Audit and Risk Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# **Moses Kotane Local Municipality**

Annual Financial Statements for the year ended 30 June 2018

## **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's external auditors.

The annual financial statements set out on pages 7 to 72, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018 and were signed by:

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**Mr M.V. Letsoalo**  
**Accounting Officer**

**Mogwase**  
**Friday, 31 August 2018**

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Audit Committee Report

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We are pleased to present our report for the financial year ended 30 June 2018.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved audit committee charter. During the financial year 4 meetings were held.

<b>Name of member</b>	<b>Number of meetings attended</b>
Mr I.S. Mogotsi (Chairman)	4 meetings (25 August 2017, 03 November 2017, 13 March 2018, 18 May 2018)
Mr M. Makgale	2 meetings (25 August 2017, 18 May 2018)
Mr. S.A.B. Ngobeni	3 meetings (03 November 2017, 13 March 2018, 18 May 2018)
Mr. T. Zororo	1 meetings (13 March 2018)
Ms. J. Masite	3 meetings (03 November 2017, 13 March 2018, 18 May 2018)

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2) of the MFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA section 165 and 166.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

### Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

### Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

# **Moses Kotane Local Municipality**

Annual Financial Statements for the year ended 30 June 2018

## **Audit Committee Report**

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**Chairperson of the Audit Committee**

**Date:** \_\_\_\_\_



## Report of the Auditor General

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To the Provincial Legislature of Moses Kotane Local Municipality

Auditor General of South Africa

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# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2018.

### 1. Review of activities

#### Main business and operations

The municipality is engaged in local service delivery to the surrounding community of Moses Kotane and operates under the Bojanala Platinum District Municipality.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was R 27 126 638 (2017: restated surplus of R 7 237 196).

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

### 4. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Changes
Mr. M.V. Letsoalo	Appointed 01 October 2017
Ms L.O. Ndlovu (Acting)	Acting contract duration was from 1 July 2017 to 30 September 2017

### 6. Corporate governance

#### General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the code on a three monthly basis.

The salient features of the municipality's adoption of the Code is outlined below:

#### Remuneration

The upper limits of the remuneration, allowances and benefits of the Accounting Officer, the executive directors and the Councillors of the municipality, as disclosed in note 23 and in note 24 of the financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of the Public Office Bearers Act and the Minister of the Provincial and Local Governments determination in accordance with the Act.



# **Moses Kotane Local Municipality**

Annual Financial Statements for the year ended 30 June 2018

## **Accounting Officer's Report**

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### **Council meetings**

The Council has met on 4 separate occasions during the financial year. The Council schedules to meet at least 4 times per annum.

### **Audit and risk committee**

The chairperson of the audit committee was Mr Mogotsi, who is an independent audit committee member. The committee met 4 times during the financial year to review matters necessary to fulfil its role.

### **7. Bankers**

The primary bank used by the municipality during the financial period was Standard Bank Limited.

### **8. Auditors**

Auditor General of South Africa will continue in office for the next financial period.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Assets</b>			
Current Assets			
Inventories	7	19 314 397	18 345 823 *
Receivables from exchange transactions	8	8 898 629	1 647 133
Receivables from non-exchange transactions	9	5 162 067	12 602 199
VAT receivable	10	36 593 422	61 411 155 *
Consumer debtors	11	282 678 025	228 605 846 *
Cash and cash equivalents	12	1 358 488	30 981 594
		<b>354 005 028</b>	<b>353 593 750</b>
Non-Current Assets			
Investment property	3	165 290 000	165 290 000 *
Property, plant and equipment	4	3 176 494 885	3 158 504 786 *
Intangible assets	5	57 596 228	58 641 851 *
Heritage assets	6	14 000	14 000
		<b>3 399 395 113</b>	<b>3 382 450 637</b>
<b>Total Assets</b>		<b>3 753 400 141</b>	<b>3 736 044 387</b>
<b>Liabilities</b>			
Current Liabilities			
Other financial liabilities	15	7 085 924	7 511 686 *
Finance lease obligation	13	229 088	1 302 961 *
Payables from exchange transactions	17	163 100 348	113 378 247 *
Unspent conditional grants and receipts	14	11 471 943	13 004 969
Provisions	16	13 856 701	12 855 299 *
		<b>195 744 004</b>	<b>148 053 162</b>
Non-Current Liabilities			
Other financial liabilities	15	39 207 470	46 108 971 *
Finance lease obligation	13	957 964	1 726 107 *
Provisions	16	29 297 876	32 112 144
		<b>69 463 310</b>	<b>79 947 222</b>
<b>Total Liabilities</b>		<b>265 207 314</b>	<b>228 000 384</b>
<b>Net Assets</b>		<b>3 488 192 827</b>	<b>3 508 044 003</b>
Accumulated surplus		3 488 192 827	3 508 044 003 *

\* See Note 39 & 38

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Statement of Financial Performance for the period ended 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	19	136 000 077	122 350 230 *
Interest received		66 037 935	59 950 252
Commissions received		152 386	150 758
Rental income		85 253	11 193
Sale of stands/land		460 000	268 158
Other income		941 162	1 193 436
<b>Total revenue from exchange transactions</b>		<b>203 676 813</b>	<b>183 924 027</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	21	122 556 701	107 986 328 *
<b>Transfer revenue</b>			
Government grants & subsidies	22	555 082 375	492 715 397
Fines, Penalties and Forfeits		5 315 890	5 648 900
<b>Total revenue from non-exchange transactions</b>		<b>682 954 966</b>	<b>606 350 625</b>
<b>Total revenue</b>	18	<b>886 631 779</b>	<b>790 274 652</b>
<b>Expenditure</b>			
Employee related costs	23	(180 634 674)	(166 406 303)
Remuneration of councillors	24	(24 202 403)	(21 735 812)
Contribution to provisions	25	-	(957 737)
Depreciation	26	(169 327 756)	(108 713 281)
Finance costs	27	(7 323 040)	(9 763 783)
Lease rentals on operating lease		(820 704)	-
Debt Impairment	28	(123 838 875)	(117 802 126)
Outsourced services		(72 728 922)	(38 351 582)
Bulk purchases	29	(87 863 925)	(74 354 276)
Contracted services	30	(80 749 696)	(54 388 940)
Ward committees		(5 202 228)	(5 073 732)
General Expenses	31	(160 594 310)	(182 851 100) *
<b>Total expenditure</b>		<b>(913 286 533)</b>	<b>(780 398 672)</b>
<b>Operating (deficit) surplus</b>		<b>(26 654 754)</b>	<b>9 875 980</b>
Loss on disposal of assets and liabilities		-	(3 035 017) *
Fair value adjustments		-	396 233
Inventories losses/write-downs		(347 610)	-
Fair value gains on investment property		(124 274)	-
		<b>(471 884)</b>	<b>(2 638 784)</b>
<b>(Deficit) surplus for the year</b>		<b>(27 126 638)</b>	<b>7 237 196</b>

\* See Note 39 & 38

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Statement of Changes in Net Assets for the period ended ended 30 June 2018

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2016</b>	<b>3 500 824 205</b>	<b>3 500 824 205</b>
Changes in net assets		
Surplus/(Deficit) for the year	7 219 798	7 219 798
Total changes	7 219 798	7 219 798
<b>Restated* Balance at 01 July 2017</b>	<b>3 515 319 465</b>	<b>3 515 319 465</b>
Changes in net assets		
Surplus for the year	(27 126 638)	(27 126 638)
Total changes	(27 126 638)	(27 126 638)
<b>Balance at 30 June 2018</b>	<b>3 488 192 827</b>	<b>3 488 192 827</b>
Note(s)		

\* See Note 39 & 38

# Moses Kotane Local Municipality

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## Cash Flow Statement for the period ended ended 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		135 955 479	114 002 234
Sale of goods and services		136 647 335	119 620 472
Grants		553 549 349	491 045 314
Interest income		66 037 935	59 950 252
		<u>892 190 098</u>	<u>784 618 272</u>
<b>Payments</b>			
Employee costs		(202 477 425)	(188 142 115)
Suppliers		(376 551 992)	(399 909 144)
Finance costs		(7 323 040)	(9 763 783)
		<u>(586 352 457)</u>	<u>(597 815 042)</u>
<b>Net cash flows from operating activities</b>	34	<u><b>305 837 641</b></u>	<u><b>186 803 230</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(316 252 728)	(199 642 164)
Proceeds from sale of property, plant and equipment	4	(302)	-
Purchase of other intangible assets	5	(14 104 548)	(40 247 455)
<b>Net cash flows from investing activities</b>		<u><b>(95 679 578)</b></u>	<u><b>(199 642 164)</b></u>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(7 327 263)	(7 668 066)
Finance lease movements		(1 842 016)	(3 270 383)
Repayment in liabilities		(230 611 890)	(80 517 666)
<b>Net cash flows from financing activities</b>		<u><b>(239 781 169)</b></u>	<u><b>(91 456 115)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>(29 623 106)</b></u>	<u><b>(104 295 049)</b></u>
Cash and cash equivalents at the beginning of the year		30 981 594	135 276 643
<b>Cash and cash equivalents at the end of the year</b>	12	<u><b>1 358 488</b></u>	<u><b>30 981 594</b></u>

\* See Note 39 & 38

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	181 625 595	(39 672 141)	<b>141 953 454</b>	136 000 077	<b>(5 953 377)</b>	N/A
Interest received (trading)	61 000 000	8 000 000	<b>69 000 000</b>	66 037 935	<b>(2 962 065)</b>	N/A
Commissions received	-	180 000	<b>180 000</b>	152 386	<b>(27 614)</b>	N/A
Rental income	-	-	-	85 253	<b>85 253</b>	No Budget. MTN Tower
Sale of stands/ Land	-	460 000	<b>460 000</b>	460 000	-	No provision for sale of stands as sales are unpredictable.
Other income	5 976 600	(4 092 600)	<b>1 884 000</b>	941 162	<b>(942 838)</b>	Rental unit 8 flats did not realise.
<b>Total revenue from exchange transactions</b>	<b>248 602 195</b>	<b>(35 124 741)</b>	<b>213 477 454</b>	<b>203 676 813</b>	<b>(9 800 641)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	109 634 022	11 999 999	<b>121 634 021</b>	122 556 701	<b>922 680</b>	N/A
<b>Transfer revenue</b>						
Government grants & subsidies	381 723 497	193 780 104	<b>575 503 601</b>	555 082 375	<b>(20 421 226)</b>	Grant conditions met.
Fines, Penalties and Forfeits	5 000 000	-	<b>5 000 000</b>	5 315 890	<b>315 890</b>	N/A
<b>Total revenue from non-exchange transactions</b>	<b>496 357 519</b>	<b>205 780 103</b>	<b>702 137 622</b>	<b>682 954 966</b>	<b>(19 182 656)</b>	
<b>Total revenue</b>	<b>744 959 714</b>	<b>170 655 362</b>	<b>915 615 076</b>	<b>886 631 779</b>	<b>(28 983 297)</b>	
<b>Expenditure</b>						
Personnel	(217 074 034)	32 124 616	<b>(184 949 418)</b>	(180 634 674)	<b>4 314 744</b>	N/A
Remuneration of councillors	(26 839 424)	2 820 000	<b>(24 019 424)</b>	(24 202 403)	<b>(182 979)</b>	N/A
Contribution to provisions	(6 000 000)	6 000 000	-	-	-	
Depreciation and amortisation	(118 854 334)	(1)	<b>(118 854 335)</b>	(169 327 756)	<b>(50 473 421)</b>	New asset register
Finance costs	(6 829 519)	-	<b>(6 829 519)</b>	(7 323 040)	<b>(493 521)</b>	Provision for finance lease not budgeted for.
Lease rentals on operating lease	-	(4 300 000)	<b>(4 300 000)</b>	(820 704)	<b>3 479 296</b>	Traffic licencing not realised.
Debt Impairment	(92 453 419)	(8 000 000)	<b>(100 453 419)</b>	(123 838 875)	<b>(23 385 456)</b>	Low rate of payment
Repairs and Maintenance/Contractors	(63 290 000)	(7 263 384)	<b>(70 553 384)</b>	(72 728 922)	<b>(2 175 538)</b>	N/A

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Bulk purchases	(73 200 000)	(6 000 000)	<b>(79 200 000)</b>	(87 863 925)	<b>(8 663 925)</b>	More water purchase
Consulting Services & outsourced	(24 956 666)	(60 266 500)	<b>(85 223 166)</b>	(80 749 696)	<b>4 473 470</b>	N/A
Ward Committees	(6 300 000)	750 000	<b>(5 550 000)</b>	(5 202 228)	<b>347 772</b>	N/A
General Expenses	(210 389 855)	79 047 323	<b>(131 342 532)</b>	(160 594 310)	<b>(29 251 778)</b>	Increase in fuel, computer expenses and telephone expenses.
Social Assistance	(7 351 620)	7 231 620	<b>(120 000)</b>	-	<b>120 000</b>	No expenditure
<b>Total expenditure</b>	<b>(853 538 871)</b>	<b>42 143 674</b>	<b>(811 395 197)</b>	<b>(913 286 533)</b>	<b>(101 891 336)</b>	
<b>Operating deficit</b>	<b>(108 579 157)</b>	<b>212 799 036</b>	<b>104 219 879</b>	<b>(26 654 754)</b>	<b>(130 874 633)</b>	
Inventories losses/write-downs	-	-	-	(347 610)	<b>(347 610)</b>	
Fair value adjustment	-	-	-	(124 274)	<b>(124 274)</b>	
	-	-	-	<b>(471 884)</b>	<b>(471 884)</b>	
<b>Deficit before taxation</b>	<b>(108 579 157)</b>	<b>212 799 036</b>	<b>104 219 879</b>	<b>(27 126 638)</b>	<b>(131 346 517)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(108 579 157)</b>	<b>212 799 036</b>	<b>104 219 879</b>	<b>(27 126 638)</b>	<b>(131 346 517)</b>	

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.



# Moses Kotane Local Municipality

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the recoverable amount.

### 1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

# Moses Kotane Local Municipality

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### 1.4 Investment property (continued)

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

### 1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

# Moses Kotane Local Municipality

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## Accounting Policies

### 1.5 Property, plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Estimated useful life
Land	Straight line	Infinite
Buildings	Straight line	30 years
Infrastructure - Electricity	Straight line	20 - 100 years
Infrastructure - Roads	Straight line	10 - 100 years
Infrastructure - Water	Straight line	15 - 80 years
Infrastructure - Gas	Straight line	20 years
Infrastructure - Sewerage	Straight line	15 - 20 years
Infrastructure - Pedestrian malls	Straight line	20 years
Infrastructure - Airports	Straight line	20 years
Access control security measures	Straight line	3 - 5 years
Recreation facilities	Straight line	20 - 25 years
Furniture and fittings	Straight line	7 - 10 years
Motor vehicles	Straight line	3 - 20 years
Office equipment	Straight line	3 - 7 years
Plant and equipment	Straight line	2 - 15 years

For the detailed useful lives of assets, refer to the municipality's asset management policy

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

# Moses Kotane Local Municipality

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### 1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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Item	Depreciation method	Average useful life
Computer software	Straight line	4 years

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### 1.7 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.7 Heritage assets (continued)

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.7 Heritage assets (continued)

#### Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

### 1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.8 Financial instruments (continued)

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Other receivables from non-exchange transactions	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

# Moses Kotane Local Municipality

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## Accounting Policies

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### 1.8 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.



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## Accounting Policies

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### 1.8 Financial instruments (continued)

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

##### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership as per GRAP 13 appendix 1.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

# Moses Kotane Local Municipality

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## Accounting Policies

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### 1.9 Leases (continued)

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.11 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

# Moses Kotane Local Municipality

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### 1.11 Impairment of cash-generating assets (continued)

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.11 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.12 Impairment of non-cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.12 Impairment of non-cash-generating assets (continued)

#### Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.13 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Fixed contributions are paid into a separate entity (a fund) and the municipality will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions meet the definition of a defined contribution plan.

#### Recognition and measurement

When an employee has rendered service to an entity during a reporting period, the entity shall recognise the contribution payable to a defined contribution plan in exchange for that service:

- (a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- (b) as an expense

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.14 Provisions and contingencies (continued)

#### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.11 and 1.12.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

### 1.15 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.



# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.16 Revenue from exchange transactions (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.17 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. The revenue from summonses is recognised on issue.

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

### 1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA as follows:

Irregular expenditure is defined in section 1 of the MFMA as follows:

“irregular expenditure”, in relation to a municipality or municipal entity, means—

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure”.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.22 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.23 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2017/07/01 to 2018/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### 1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.25 Events after reporting date (continued)

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>GRAP 34: Separate Financial Statements</li> <li>GRAP 35: Consolidated Financial Statements</li> <li>GRAP 36: Investments in Associates and Joint Ventures</li> <li>GRAP 37: Joint Arrangements</li> <li>GRAP 38: Disclosure of Interests in Other Entities</li> <li>GRAP 110: Living and Non-living Resources</li> <li>GRAP 12 (as amended 2016): Inventories</li> </ul>	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>GRAP 27 (as amended 2016): Agriculture</li> </ul>	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>GRAP 31 (as amended 2016): Intangible Assets</li> </ul>	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>GRAP 103 (as amended 2016): Heritage Assets</li> </ul>	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>GRAP 110 (as amended 2016): Living and Non-living Resources</li> </ul>	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land</li> </ul>	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities</li> </ul>	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>GRAP 26 (as amended 2016): Impairment of cash-generating assets</li> </ul>	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>GRAP 21 (as amended 2016): Impairment of non-cash-generating assets</li> </ul>	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>GRAP 18 (as amended 2016): Segment Reporting</li> </ul>	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>GRAP 17 (as amended 2016): Property, Plant and Equipment</li> </ul>	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>GRAP 16 (as amended 2016): Investment Property</li> </ul>	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>GRAP 106 (as amended 2016): Transfers of functions between entities not under common control</li> </ul>	01 April 2018	Unlikely there will be a material impact

#### 2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods but are not relevant to its operations:

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

### 2. New standards and interpretations (continued)

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	01 April 2009	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2009	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2009	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2009	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2009	Unlikely there will be a material impact
• GRAP 110: Living and Non-living Resources	01 April 2009	Unlikely there will be a material impact

### 3. Investment property

	2018			2017		
	Fair value	Accumulated depreciation and accumulated impairment	Carrying value	Fair value	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	165 290 000	-	165 290 000	165 290 000	-	165 290 000

#### Reconciliation of investment property - Restatements of notes to the financial statements

	Opening balance	Total
Investment property	165 290 000	165 290 000

#### Reconciliation of investment property - 2017

	Opening balance	Total
Investment property	165 290 000	165 290 000

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation & impairment	Carrying value	Cost	Accumulated depreciation & impairment	Carrying value
Land	244 051 151	-	244 051 151	244 051 151	-	244 051 151
Buildings	70 715 212	(39 518 015)	31 197 197	70 715 212	(37 825 211)	32 890 001
Buildings WIP	2 519 482	-	2 519 482	1 766 210	-	1 766 210
Infrastructure	4 341 349 024	(2 075 293 282)	2 266 055 742	4 227 825 960	(1 952 280 209)	2 275 545 751
Infrastructure WIP	209 478 211	-	209 478 211	169 160 645	-	169 160 645
Community	614 547 120	(247 438 939)	367 108 181	594 838 351	(233 020 433)	361 817 918
Community assets WIP	1 985 266	-	1 985 266	6 549 091	-	6 549 091
Plant and machinery	8 784 697	(5 696 328)	3 088 369	8 521 921	(5 076 175)	3 445 746
Furniture and fixtures	19 016 349	(8 911 051)	10 105 298	17 587 999	(7 089 774)	10 498 225
Motor vehicles	69 368 559	(40 643 993)	28 724 566	68 574 795	(34 743 755)	33 831 040
Office equipment	39 441 494	(24 112 304)	15 329 190	38 921 794	(19 972 786)	18 949 008
Other property, plant and equipment # 4	(3 147 768)	-	(3 147 768)	-	-	-
<b>Total</b>	<b>5 618 108 797</b>	<b>(2 441 613 912)</b>	<b>3 176 494 885</b>	<b>5 448 513 129</b>	<b>(2 290 008 343)</b>	<b>3 158 504 786</b>



# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Restatements of notes to the financial statements

	Opening balance	Difference	Additions	Disposals	Transfers received	Depreciation	Total
Land	244 051 151	-	-	-	-	-	244 051 151
Buildings	32 890 001	-	-	-	-	(1 692 804)	31 197 197
Buildings WIP	1 766 210	-	753 272	-	-	-	2 519 482
Infrastructure	2 275 545 751	-	113 523 064	-	-	(123 013 073)	2 266 055 742
Infrastructure WIP	169 160 645	-	164 105 472	-	(123 787 906)	-	209 478 211
Community	361 817 918	-	19 708 769	-	-	(14 418 506)	367 108 181
Community WIP	6 549 091	-	15 144 944	-	(19 708 769)	-	1 985 266
Plant and machinery	3 445 746	-	262 776	-	-	(620 153)	3 088 369
Furniture and fixtures	10 498 225	-	1 422 386	6 548	-	(1 821 861)	10 105 298
Motor vehicles	33 831 040	-	793 764	-	-	(5 900 238)	28 724 566
Office equipment	18 949 008	-	538 281	(6 246)	-	(4 151 853)	15 329 190
Other property, plant and equipment # 4	-	(3 147 768)	-	-	-	-	(3 147 768)
	<b>3 158 504 786</b>	<b>(3 147 768)</b>	<b>316 252 728</b>	<b>302</b>	<b>(143 496 675)</b>	<b>(151 618 488)</b>	<b>3 176 494 885</b>

#### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Prior year correction	Disposals	Depreciation	Impairment loss	Total
Land	23 962 149	-	220 089 002	-	-	-	244 051 151
Buildings	156 677 366	-	(123 787 365)	-	-	-	32 890 001
Building WIP	-	-	1 766 210	-	-	-	1 766 210
Infrastructure	743 809 288	-	1 531 736 463	-	-	-	2 275 545 751
Infrastructure WIP	245 243 900	-	(76 083 255)	-	-	-	169 160 645
Community	31 094 063	-	330 723 855	-	-	-	361 817 918
Community WIP	-	-	6 549 091	-	-	-	6 549 091
Plant and equipment	2 631 025	1 809 513	69 942	(238 737)	(706 251)	(119 746)	3 445 746
Furniture and fixtures	8 452 253	3 307 682	832 034	(126 960)	(1 960 774)	(6 010)	10 498 225
Motor vehicles	33 426 242	7 011 290	2 440 379	(1 404 822)	(7 440 509)	(201 540)	33 831 040
Office equipment	20 710 189	2 713 699	2 013 233	(1 096 191)	(5 385 202)	(6 720)	18 949 008
	<b>1 266 006 475</b>	<b>14 842 184</b>	<b>1 896 349 589</b>	<b>(2 866 710)</b>	<b>(15 492 736)</b>	<b>(334 016)</b>	<b>3 158 504 786</b>

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 4. Property, plant and equipment (continued)

#### Additional information

Included in infrastructure are assets relating to Landfill.

These amounts will be separately classified in the next financial statements.

The reason for this is that the Municipality is continuing its extensive exercise to correctly classify and account for all its Non-Current Assets.

An improved GRAP and mSCOA compliant Accounting Policy and Methodology has been adopted in the 2017/18 financial year to this effect and will be fully implemented over a period of 2 years .

This involves getting expert to determine the extent of all infrastructure components.

### 5. Intangible assets

	2018			2017		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	91 139 264	(33 543 036)	57 596 228	74 697 178	(16 055 327)	58 641 851

#### Reconciliation of intangible assets - Restatements of notes to the financial statements

	Opening balance	Additions	Amortisation	Total
Computer software, other	58 641 851	14 104 548	(15 150 171)	57 596 228

#### Reconciliation of intangible assets - 2017

	Opening balance	Difference	Additions	Transfers received	Amortisation	Total
Computer software, other	19 570 600	8 151 123	40 247 455	6 728 000	(16 055 327)	58 641 851

### 6. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
<b>Heritage assets which fair values cannot be reliably measured: (Para .94)</b>						
Art Collections, antiquities and exhibits	14 000	-	14 000	14 000	-	14 000

#### Reconciliation of heritage assets Restatements of notes to the financial statements

	Opening balance	Total
<b>Heritage assets which fair values cannot be reliably measured: (Para .94)</b>		
Sculpture	14 000	14 000

#### Reconciliation of heritage assets 2017

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>6. Heritage assets (continued)</b>		
	<b>Opening balance</b>	<b>Total</b>
<b>Heritage assets which fair values cannot be reliably measured: (Para .94)</b>		
Sculpture	14 000	14 000
<b>7. Inventories</b>		
Water in the reservoir	73 400	73 498
Maintenance materials	8 718 202	7 749 530
Unsold Properties Held for Resale	10 522 795	10 522 795
	<b>19 314 397</b>	<b>18 345 823</b>
Unsold properties held for resale relate to investment property that was earmarked for resale as per as per council resolution number 173/02/2014		
<b>8. Receivables from exchange transactions</b>		
Housing debtors	7 340 415	88 919
Bakwena systems - Photocopiers	1 558 214	1 558 214
	<b>8 898 629</b>	<b>1 647 133</b>
<b>9. Receivables from non-exchange transactions</b>		
Fines	403 780	826 260
Other receivables from non-exchange revenue	4 758 287	11 775 939
	<b>5 162 067</b>	<b>12 602 199</b>
<b>10. VAT receivable</b>		
VAT	36 593 422	61 411 155
The municipality is registered for Value Added Tax on the payment basis.		
<b>11. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	261 595 584	205 701 774
Water	456 506 242	352 411 727
Sewerage	14 402 567	12 945 892
Refuse	69 938 651	53 231 445
Water consumption from last reading until 30th	8 532 331	3 851 234
	<b>810 975 375</b>	<b>628 142 072</b>
<b>Less: Allowance for impairment</b>		
Rates	(42 216 367)	(32 255 607)
Water	(403 440 113)	(305 823 609)
Sewerage	(13 514 024)	(11 318 633)
Refuse	(69 126 846)	(50 138 377)
	<b>(528 297 350)</b>	<b>(399 536 226)</b>

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>11. Consumer debtors (continued)</b>		
<b>Net balance</b>		
Rates	219 379 217	173 446 167
Water	53 066 129	46 588 118
Sewerage	888 543	1 627 259
Refuse	811 805	3 093 068
Water consumption from the last readings	8 532 331	3 851 234
	<b>282 678 025</b>	<b>228 605 846</b>
<b>Rates</b>		
Current (0 -30 days)	11 878 112	10 476 107
31 - 60 days	10 153 183	8 832 764
61 - 90 days	9 128 289	7 789 738
91 - 120 days	8 805 288	7 325 865
> 121 days	221 630 712	171 277 300
Impairment	(42 216 367)	(32 255 607)
	<b>219 379 217</b>	<b>173 446 167</b>
<b>Water</b>		
Current (0 -30 days)	27 783 430	17 438 962
31 - 60 days	14 546 203	13 180 080
61 - 90 days	14 141 758	22 250 771
91 - 120 days	10 837 472	11 148 257
> 121 days	389 197 379	288 393 657
Impairment	(403 440 113)	(305 823 609)
	<b>53 066 129</b>	<b>46 588 118</b>
<b>Sewerage</b>		
Current (0 -30 days)	401 882	273 995
31 - 60 days	276 157	274 275
61 - 90 days	261 816	263 057
91 - 120 days	284 198	261 372
> 121 days	13 178 514	11 873 193
Impairment	(13 514 024)	(11 318 633)
	<b>888 543</b>	<b>1 627 259</b>
<b>Refuse</b>		
Current (0 -30 days)	1 417 249	4 001 123
31 - 60 days	1 522 339	1 072 616
61 - 90 days	1 509 316	1 007 829
91 - 120 days	1 489 395	1 006 487
> 121 days	64 000 352	46 143 390
Impairment	(69 126 846)	(50 138 377)
	<b>811 805</b>	<b>3 093 068</b>
<b>Water consumption from last readings</b>		
Current (0 -30 days)	8 532 331	3 851 234

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>11. Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	17 590 484	17 745 075
31 - 60 days	11 750 911	9 345 668
61 - 90 days	11 412 456	18 803 378
91 - 120 days	11 069 062	8 734 736
121 - 365 days	418 375 979	308 730 646
	<u>470 198 892</u>	<u>363 359 503</u>
Less: Allowance for impairment	(424 573 184)	(353 692 738)
	<b>45 625 708</b>	<b>9 666 765</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	11 443 728	7 174 063
31 - 60 days	6 343 384	6 886 655
61 - 90 days	4 950 490	4 992 674
91 - 120 days	1 784 847	3 855 802
121 - 365 days	95 120 901	78 268 191
	<u>119 643 350</u>	<u>101 177 385</u>
Less: Allowance for impairment	(59 247 757)	(45 843 488)
	<b>60 395 593</b>	<b>55 333 897</b>
<b>National and provincial government</b>		
Current (0 -30 days)	12 447 824	7 901 002
31 - 60 days	8 403 802	7 127 412
61 - 90 days	8 678 448	7 515 343
91 - 120 days	8 562 658	7 151 443
121 - 365 days	174 530 361	130 052 085
	<u>212 623 093</u>	<u>159 747 285</u>
<b>Total</b>		
Current (0 -30 days)	41 482 036	32 826 803
31 - 60 days	26 498 096	23 359 735
61 - 90 days	25 041 394	31 311 395
91 - 120 days	21 416 567	19 741 982
> 121	688 004 960	517 050 923
Water consumption from last reading until the 30th	8 532 331	3 851 234
	<u>810 975 384</u>	<u>628 142 072</u>
Less: Allowance for impairment	(528 297 359)	(399 536 226)
	<b>282 678 025</b>	<b>228 605 846</b>
<b>Reconciliation of allowance for:</b>		
Balance at beginning of the year	(399 536 226)	(276 547 892)
Contributions to allowance	(118 474 370)	(112 770 366)
VAT on impairment	(10 286 754)	(10 217 968)
	<u>(528 297 350)</u>	<u>(399 536 226)</u>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(405 032 268)	(276 547 892)
Contributions to allowance	(123 265 082)	(122 988 334)
	<u>(528 297 350)</u>	<u>(399 536 226)</u>

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 11. Consumer debtors (continued)

#### Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2018, R - (2017: R -) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

### 12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	20 000	20 000
Short-term deposits	1 338 488	30 961 594
	<b>1 358 488</b>	<b>30 981 594</b>

The municipality's cash reserves have reduced significantly during the current year. The primary reason for this depletion as noted by management is the poor application of the credit control policy in the past few years triggered by community unrest and poor implementation.

#### Cash and cash equivalents pledged as collateral

Absa fixed deposit-12 months Eskom	107 000	107 000
Account number: 2062250801		

The amount disclosed above has been ceded to Eskom for the electricity deposit in the Civic Centre. The deposit was made in 2009 and all interest earned accrues to the municipality.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 12. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
Standard bank current Account number:41980182	1 094 392	-	-	(70 077)	-	-
Call MIG Standard Bank Account number:	624 427	-	-	624 427	-	-
Call MKLM Standard Bank Account number: 228810957	130 681	-	-	130 681	-	-
ABSA Rustenburg Branch Account number: 405 041 4471	1 726 005	8 277 624	20 249 250	-	8 092 164	19 649 624
Capital Replacement Reserve Account number: 92 9306 8882	-	907 667	10 279 104	-	931 818	10 279 104
Housing Account account number: 405 921 9109	986	432 597	407 697	985	436 716	407 697
Traffic account Account number: 407 011 8019	343 923	151 731	631 018	345 281	156 678	631 018
Petty cash	-	-	-	20 000	20 000	20 000
MKLM ABSA call account Account number: 90 5777 9477	-	1 325 304	31 460 316	-	1 374 999	31 460 316
MIG ABSA call account Account number: 40 6677 8588	-	18 830 448	40 222 095	-	19 064 342	40 222 095
Ledig Reservoir -Water projects Account number: 40 8525 7086	-	581 208	5 341 389	-	599 584	5 341 389
Absa fixed deposit-12 months Eskom Account number: 2062250801	307 191	283 977	265 399	307 191	305 294	265 399
Nedbank Fixed Deposit Account number:03 7881 1123028	-	-	27 000 000	-	-	27 000 000
<b>Total</b>	<b>4 227 605</b>	<b>30 790 556</b>	<b>135 856 268</b>	<b>1 358 488</b>	<b>30 981 595</b>	<b>135 276 642</b>

### 13. Finance lease obligation

#### Minimum lease payments due within one year

Vehicles	229 425	1 302 961
Office equipment	892 645	503 824

#### Present value of minimum lease payments

<b>1 122 070</b>	<b>1 806 785</b>
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#### Minimum lease payments due in the second year to the fifth year

Vehicles	-	229 425
Office equipment	-	604 037
	<b>-</b>	<b>833 462</b>

#### Non-current liabilities

Current liabilities	957 964	1 726 107
	229 088	1 302 961
	<b>1 187 052</b>	<b>3 029 068</b>

The average lease term is between 3 to 5 years and the average effective borrowing rate was between 6,1% and 10% interest rates are coupled to prime and CPI Index at the contract date. The municipality's obligation under finance leases are secured by the lessor's chargeover the leased assets.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>14. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant	936 299	-
Library Grant	1 338 669	1 090 523
Water and Sanitation Grant	7 827 138	10 956 256
EPWP Grant	-	958 190
PMU Grant	1 369 837	-
	<b>11 471 943</b>	<b>13 004 969</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	13 004 969	14 675 052
Additions during the year	209 115 866	169 359 000
Income recognition during the year	(210 648 892)	(171 029 083)
	<b>11 471 943</b>	<b>13 004 969</b>
The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and		
Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See note for reconciliation of grants from National/Provincial Government. These amounts are invested in a ring-fenced investment until utilised.		
<b>15. Other financial liabilities</b>		
<b>At amortised cost</b>		
Repayments due within 12 months	7 085 924	7 511 686
ABSA annuity loan	6 083 046	7 286 264
INCA annuity loan	12 655 191	17 689 987
DBSA loan	20 469 233	21 132 720
	<b>46 293 394</b>	<b>53 620 657</b>
<b>Total other financial liabilities</b>	<b>46 293 394</b>	<b>53 620 657</b>
<b>Non-current liabilities</b>		
At amortised cost	39 207 470	46 108 971
<b>Current liabilities</b>		
At amortised cost	7 085 924	7 511 686



# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand

### 16. Provisions

#### Reconciliation of provisions - Restatements of notes to the financial statements

	Opening Balance	Difference	Change in closure provision	Current service cost	Expected returns on plan assets/ Utilisation	Interest cost	Actuarial benefits	Total
Environmental rehabilitation	29 829 314	300 000	(4 344 625)	-	-	926 155	-	26 710 844
Long-service awards	14 138 129	-	-	1 286 880	(1 341 669)	1 145 777	377 976	15 607 093
Workmen's compensation	1 000 000	-	-	673 280	(781 907)	(54 733)	-	836 640
	<b>44 967 443</b>	<b>300 000</b>	<b>(4 344 625)</b>	<b>1 960 160</b>	<b>(2 123 576)</b>	<b>2 017 199</b>	<b>377 976</b>	<b>43 154 577</b>

#### Reconciliation of provisions - 2017

	Opening Balance	Change in closure provision	Current service cost	Expected returns on plan assets	Interest cost	Actuarial benefits	Total
Environmental rehabilitation	26 417 820	1 173 464	-	-	2 238 030	-	29 829 314
Long-service awards	13 639 731	-	1 292 827	(1 508 553)	1 110 357	(396 233)	14 138 129
Workmen's compensation	-	-	781 005	-	218 995	-	1 000 000
	<b>40 057 551</b>	<b>1 173 464</b>	<b>2 073 832</b>	<b>(1 508 553)</b>	<b>3 567 382</b>	<b>(396 233)</b>	<b>44 967 443</b>

Non-current liabilities	29 297 876	32 112 144
Current liabilities	13 856 701	12 855 299
	<b>43 154 577</b>	<b>44 967 443</b>

The restructuring provision relates to redundancy costs incurred on the disposal of. At , approximately -% of the staff had been retrenched. The remainder departed in .

The municipality moved from its previous leased premises. The lease is non-cancellable and the lease continues for the next - years. The municipality cannot find a lessee to occupy the premises.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand

### 16. Provisions (continued)

The municipality operates an unfunded benefit plan for all its employees. Under the plan, a Long-Term Service Award is payable after 10 years of continuous service and every 5 years thereafter to employees.

The employee is granted Long-Service Award in the month that each "Completed Service" milestone is reached.

Working days awarded are valued at 1/250 of annual earnings per day.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on the 30th June 2018 by Arch Actuarial Consulting CC. The present value of the benefit obligation, and the related Current Service Cost and the past service cost, were measured using the Projected Unit Credit Method.

At year end, 455 (2017: 464) employees were eligible for Long-term service awards.

The current service cost for the year ending 30 June 2018 is estimated to be R 1 286 880. The current service cost for the ensuing year is estimated to be R 1 370 970.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

<b>Assumptions</b>	<b>2018</b>	<b>2017</b>
Discount rate	8.57%	8.50%
General earnings inflation (Long term)	6.17%	6.32%
New effective discount rate	2.26%	2.05%
Expected rate of salary increases	6.17%	6.32%
Expected retirement age of males and females	65	65
Pre-retirement mortality	SA 85-90 Mixed Ultimate	

### **Movement of eligible employees**

Number of eligible employees	455	464
Average of annual earnings	R 344 446	312 570
Earnings weighted average age	44.2	44.5
Earnings weighted average age past service	11.8	11.7

### **Movement in the present value of the Defined Benefit Obligation were as follows:**

Balance at the beginning of the year	14 138 129	13 639 731
Current service cost	1 286 880	1 292 827
Interest cost	1 145 777	1 110 357
Expected benefits vestings	(1 341 669)	(1 371 700)
<b>Actuarial loss/gain</b>	<b>1 090 988</b>	<b>(533 086)</b>
<b>Actuarial Loss / Gain</b>	<b>377 976</b>	

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand

### 16. Provisions (continued)

<b>Present value of fund obligation at the end of the year</b>	<b>15 607 093</b>	<b>14 138 129</b>
Current service cost	1 286 880	1 392 800
Interest cost	1 145 777	1 110 400
Expected Benefit Vestings	-	-
Actuarial loss/ (Gain)	377 976	-
Expected employer benefits vesting	(1 341 669)	(533 086)
<b>Closing Balance</b>	<b>15 607 093</b>	<b>11 870 098</b>
<b>Project Accrued Liability</b>	<b>15 229 117</b>	<b>16 373 358</b>

### Rehabilitation of landfill sites

A provision of the final rehabilitation and closure costs for the Madikwe and Mogwase landfill sites were done by Environmental and Sustainability Solutions CC.

The principal assumptions used for the purposes of the rehabilitation of the landfill sites were as follows:

	<b>Mogwase</b>	<b>Madikwe</b>
CPI	4.4805%	4.4805%
Discount rate	7.4805%	7.4805%
Net effective discount rate	3%	3%

### The final rehabilitation and closure costs were as follows:

#### Cost element

#### Planning for closure

Permit application for operation to closure	-	-
Basic assessment for the closure	5 147 573	5 147 573
Finalise end-use plan	190 500	190 500
Closure design	178 109	356 218

#### Rehabilitation and closure

Clearing, shaping and compacting	96 843	138 326
Capping	1 353 583	1 933 390
Top-soiling and vegetation	574 101	820 017
Storm water control system	131 637	376 048
Leachate seepage control system	314 596	449 353
Passive gas control system	-	-
Fencing	-	990 574

#### Post-closure monitoring and maintenance

Water monitoring	1 178 910	1 178 910
Gas monitoring	-	791 667

# Moses Kotane Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

### 16. Provisions (continued)

Rehabilitation monitoring	124 830	249 660
Maintenance of cover, subsidence and drainage	468 180	936 360
Fire control and vegetation maintenance	257 759	515 517
On-going leachate management	49 613	99 225
Passive gas control	41 288	82 575
<b>Total cost</b>	<b>10 107 521</b>	<b>14 255 913</b>

### Amounts to be recognised in the Statement of Financial Position

Landfill closure provision	6 026 709	8 798 519
Interest charge	477 449	448 706

Movement in net liability of the landfill sites were:

#### Madikwe

Balance at the beginning of the year	5 514 251	4 708 523
Change in landfill closure provision	2 835 563	407 556
Interest charge	448 706	398 556
<b>Balance at the end of the year</b>	<b>8 798 519</b>	<b>5 514 251</b>

#### Mogwase new landfill site

Balance at the beginning of the year	5 867 487	4 703 807
Change in landfill closure provision	(318 227)	765 908
Interest charge	477 449	397 773
<b>Balance at the end of the year</b>	<b>6 026 709</b>	<b>5 867 487</b>

#### Mogwase old landfill site

Balance at the beginning of the year	18 447 576	17 005 489
Change in landfill closure provision	(6 861 961)	
Interest charge		1 442 087
<b>Balance at the end of the year</b>	<b>11 585 615</b>	<b>18 447 577</b>

#### Summary of Landfill sites provision

Balance at the beginning of the year	29 829 314	26 417 418
Change in landfill closure provision	(4 344 625)	1 173 464
Interest charge	926 155	2 238 030
<b>Balance at the end of the year</b>	<b>26 410 844</b>	<b>29 829 314</b>

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>17. Payables from exchange transactions</b>		
Trade payables	78 918 381	38 416 958
Payments received in advanced	25 212 192	24 745 047
Other payables	2 046 460	3 238 295
Housing PHP	986	437 876
Accrued leave pay	24 192 918	22 675 126
Consumer deposits	15 500	15 500
Retentions	32 713 911	23 849 445
	<b>163 100 348</b>	<b>113 378 247</b>
<b>18. Revenue</b>		
Service charges	136 000 077	122 350 230
Interest received	66 037 935	59 950 252
Commissions received	152 386	150 758
Rental income	85 253	11 193
Sale of stands/land	460 000	268 158
Other income	941 162	1 193 436
Property rates	122 556 701	107 986 328
Government grants & subsidies	555 082 375	492 715 397
Fines, Penalties and Forfeits	5 315 890	5 648 900
	<b>886 631 779</b>	<b>790 274 652</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	136 000 077	122 350 230
Interest received	66 037 935	59 950 252
Commissions received	152 386	150 758
Rental income	85 253	11 193
Sale of stands/land	460 000	268 158
Other income	941 162	1 193 436
	<b>203 676 813</b>	<b>183 924 027</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	122 556 701	107 986 328
<b>Transfer revenue</b>		
Government grants & subsidies	555 082 375	492 715 397
Fines, Penalties and Forfeits	5 315 890	5 648 900
	<b>682 954 966</b>	<b>606 350 625</b>
<b>19. Service charges</b>		
Sale of water	123 283 679	109 419 339
Sewerage and sanitation charges	2 254 605	3 011 444
Refuse removal	10 461 793	9 919 447
	<b>136 000 077</b>	<b>122 350 230</b>

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>20. Other revenue</b>		
Commissions received	152 386	150 758
Rental income - third party	85 253	11 193
Sale of stands/land	460 000	268 158
Other income	941 162	1 193 436
	<b>1 638 801</b>	<b>1 623 545</b>
<b>21. Property rates</b>		
<b>Rates received</b>		
Commercial	36 064 635	32 976 749
State	71 089 069	64 632 139
Residential	6 415 431	1 780 378
Mining	9 276 720	8 776 260
Less: Income forgone	(289 154)	(179 198)
	<b>122 556 701</b>	<b>107 986 328</b>
<b>Valuations</b>		
Residential	1 615 666 772	1 396 276 600
Commercial	214 056 000	234 322 000
Industrial	169 995 000	131 274 000
State	1 292 670 000	1 113 766 500
Churches	12 915 000	14 281 000
Mining	125 840 000	129 954 000
Other holiday resorts	160 393 000	228 093 000
Sun City	640 000 000	640 000 000
Municipal	136 410 000	35 244 000
Farms and tribal land	1 815 644 000	1 369 984 000
Eskom servitudes	20 895 000	24 597 300
Vacant land	87 206 000	78 548 004
PSI	11 050 000	11 050 000
	<b>6 302 740 772</b>	<b>5 407 390 404</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2016.

A general rate of R0.000693 (2017: R0.0149) for residential and R0.0001733 (2017: R0.0149) public service infrastructure, and agricultural properties, R 0.01746 (2017: R0.0173) for business and commercial, R0,07344 (R 0.0180) for mining properties and vacant properties is applied to property valuations to determine assessment rates. Rebates of R 17 000 and 30% (2017: 15 000 and 20%) are granted to residential and state property owners respectively. Rates of R 0.03453 are applied to holiday resorts with gambling rights and R 0.03081 for holiday resorts without Gambling rights. For multiple purpose properties the tariff is based on the market value and the the relevant determined tariff levied as on the property for the particular purpose that such land is used for in terms of the municipal property rates policy.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>22. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	357 438 446	333 265 000
Expanded Public Works Grant	1 000 000	1 776 810
Refurbishment grant	-	4 720 677
Library grant	1 101 855	447 496
Water Services Infrastructure Grant	53 733 210	-
Financial Management Grant	1 700 000	1 625 000
	<b>414 973 511</b>	<b>341 834 983</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	137 343 701	147 233 625
PMU Grant	2 765 163	3 646 789
	<b>140 108 864</b>	<b>150 880 414</b>
	<b>555 082 375</b>	<b>492 715 397</b>
<b>Conditional and Unconditional</b>		
It was noted during the current year that there was a missallocation of R 22 932 066 from the refurbishment grant to the Municipal Infrastructure Grant. The comparative have been corrected accordingly. An analysis of the movement on the grants is disclosed below.		
Included in above are the following grants and subsidies received:		
Unconditional grants received	357 438 446	333 265 000
Conditional grants received	197 643 929	159 450 397
	<b>555 082 375</b>	<b>492 715 397</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	-	14 441 346
Current-year receipts	138 280 000	113 507 000
Conditions met - transferred to revenue	(137 343 701)	(127 948 346)
	<b>936 299</b>	<b>-</b>
<b>Library Grant</b>		
Balance unspent at beginning of year	1 090 523	233 706
Current-year receipts	1 350 000	1 300 000
Conditions met - transferred to revenue	(1 101 854)	(443 183)
	<b>1 338 669</b>	<b>1 090 523</b>
<b>Department of water services and Refurbishment Grant</b>		
Balance unspent at beginning of year	10 956 256	-
Current-year receipts	55 000 000	38 609 000
Conditions met - transferred to revenue	(47 172 862)	(27 652 744)
Grants withheld due to slow spending	(10 956 256)	-
	<b>7 827 138</b>	<b>10 956 256</b>

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>22. Government grants and subsidies (continued)</b>		
<b>Expanded Public Works Grant</b>		
Balance unspent at beginning of year	958 190	-
Current-year receipts	1 000 000	2 735 000
Conditions met - transferred to revenue	(1 000 000)	(1 776 810)
Grants withheld due to slow spending	(958 190)	-
	<u>-</u>	<u>958 190</u>
<b>Financial Management Grant</b>		
Current-year receipts	1 700 000	1 625 000
Conditions met - transferred to revenue	(1 700 000)	(1 625 000)
	<u>-</u>	<u>-</u>
<b>MIG (PMU) Grant</b>		
Current-year receipts	4 135 000	3 656 789
Conditions met - transferred to revenue	(2 765 163)	(3 656 789)
	<u>1 369 837</u>	<u>-</u>



# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>23. Employee related costs</b>		
Basic	123 187 507	106 321 718
Bonus	7 842 095	7 504 319
Medical aid - company contributions	9 181 917	8 640 716
UIF	861 739	821 697
SDL	1 479 830	1 422 010
Other payroll levies	-	229 374
Leave pay provision charge	-	5 358 325
Bargaining council	62 084	-
Travel, motor car, accommodation, subsistence and other allowances	883 395	776 000
Overtime payments	9 843 825	8 727 904
Acting allowances	2 090 485	2 437 850
Car allowance	15 000	-
Housing benefits and allowances	373 279	876 741
Standby allowance	3 059 665	3 310 698
Pension fund company contributions	21 540 575	19 833 520
Cellphone allowance	-	1 000
Shift allowance	213 278	161 828
	<b>180 634 674</b>	<b>166 423 700</b>
<b>Remuneration of municipal manager</b>		
Acting allowance - TT Chiloane	-	136 325
PP Shikwane	-	111 118
L.O. Ndlovu	35 858	-
Municipal Manager - M.V. Letsoalo		
Remuneration	858 495	-
Travel allowance	148 395	-
Contributions to UIF, Medical and Pension Funds	32 315	-
Paid out	(1 075 063)	(247 443)
	<b>-</b>	<b>-</b>
<b>Remuneration of chief finance officer</b>		
Acting allowance - H.L. Fourie	43 933	-
Chief financial officer - L.O. Ndlovu	-	-
Annual Remuneration	1 012 372	1 030 218
Leave Payout	268 332	-
Contributions to UIF, Medical and Pension Funds	215 478	221 371
Amount paid out	(1 540 115)	(1 251 589)
	<b>-</b>	<b>-</b>
<b>Remuneration of technical services director</b>		
Annual Remuneration	1 045 350	963 692
Car Allowance	144 000	144 000
Contributions to UIF, Medical and Pension Funds	1 884	1 877
Amount paid	(1 191 234)	(1 109 569)
	<b>-</b>	<b>-</b>
<b>Remuneration of corporate services director</b>		
Acting allowance - T.J. Jalvan	138 530	-
<b>Corporate services director - P.P. Shikwane</b>		
Annual Remuneration	229 427	850 596
Car Allowance	15 000	60 000

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>23. Employee related costs (continued)</b>		
Contributions to UIF, Medical and Pension Funds	52 343	200 198
Amount paid out	(435 300)	(1 110 794)
	-	-
<b>Remuneration of community services director</b>		
Annual Remuneration	1 137 323	1 066 565
Contributions to UIF, Medical and Pension Funds	46 752	44 640
Amount paid out	(1 184 075)	(1 111 205)
	-	-
<b>Remuneration of planning and development director</b>		
Annual Remuneration	867 998	877 740
Car Allowance	66 000	72 000
Contributions to UIF, Medical and Pension Funds	156 928	159 870
Amount paid out	(1 090 926)	(1 109 610)
	-	-
<b>24. Remuneration of councillors</b>		
Mayor	541 211	524 007
Single WHIP	390 169	374 980
Executive Committee	2 758 270	2 331 555
Speaker	5 455 230	419 518
Councillors	14 460 073	17 648 545 *
Oversight committee	597 450	437 208 *
	<b>24 202 403</b>	<b>21 735 813</b>
<b>In-kind benefits</b>		
The Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor is entitled to stay at the mayoral residence owned by Council. The Mayor has use of a Council owned vehicle for official duties.		
The Council has complied with the provision of Section 7(3) of the Remuneration of Public Office Bearers Act, and concurrence for the implementation of the Council Resolution item number 121/01/2018 in line with the government gazette number 41335 Notice 1440, dated 15 December 2017.		
<b>25. Contributions to provisions</b>		
Movement long service awards provision	-	(215 726)
Contribution to landfill site provision	-	1 173 463
	-	<b>957 737</b>
<b>26. Depreciation and amortisation</b>		
Property, plant and equipment	169 327 756	108 713 281
Intangible assets	-	14 007 098
	<b>169 327 756</b>	<b>122 720 379</b>

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>27. Finance costs</b>		
Non-current borrowings	7 323 040	9 763 783
<b>28. Debt impairment</b>		
Contributions to debt impairment provision	123 838 875	117 802 126
<b>29. Bulk purchases</b>		
Water	87 863 925	74 354 276
<b>30. Contracted services</b>		
Maintenance contracts	77 326 854	48 534 393
Fleet maintenance	445 083	4 622 892
Other Contractors	2 977 759	1 231 655
	<b>80 749 696</b>	<b>54 388 940</b>
<b>31. General expenses</b>		
Audit fees	2 568 089	4 047 237
Advertising	10 025 897	344 780
Bank charges	462 100	205 896
Consulting and professional fees	12 468 532	17 890 043
Consumables	4 541 486	500 615
Delivery expenses	-	253 438
Entertainment	5 954 324	5 393 565
Insurance	1 150 605	1 016 484
Community development and training	-	5 438 532
Conferences and seminars	-	1 535 556
Fleet	-	508 164
Magazines, books and periodicals	-	33 592
Motor vehicle expenses	745 495	325 884
Fuel and oil	13 198 835	11 302 597
Postage and courier	7 639	101 577
Printing and stationery	2 681 412	4 289 149
Security (Guarding of municipal property)	-	26 582
Software expenses	57 054 115	51 869 504
Staff welfare	316 964	1 985 542
Subscriptions and membership fees	4 315 016	1 927 031
Telephone and fax	12 298 697	11 728 725
Training	-	6 780 154
Travel - local	7 816 096	2 333 571
Electricity	17 095 908	12 431 401
Water	-	270 506
Uniforms	2 378 147	-
General expenses	36 289	23 542 613
Learnerships and internships	4 860 117	-
Workmen's compensation	618 547	-
Supply of indigent services	-	3 915 432
Stock loss/adjustment	-	12 299 313
Chemicals	-	553 616
	<b>160 594 310</b>	<b>182 851 099</b>

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>32. Auditors' remuneration</b>		
Audit fees	2 568 089	4 047 237
<b>33. Material losses</b>		
The following water losses were incurred and are deemed to be material and not recoverable.		
Bulk water losses	30 847 044	14 738 327
<b>34. Cash generated from operations</b>		
(Deficit) surplus	(27 126 638)	7 219 798
<b>Adjustments for:</b>		
Depreciation and amortisation	169 327 756	108 713 281
Gain on sale of assets and liabilities	-	3 035 017
Gain on discontinued operations	124 274	-
Fair value adjustments	-	(396 233)
Debt impairment	123 838 875	117 802 126
Movements in provisions	(1 812 866)	957 737
<b>Changes in working capital:</b>		
Inventories	(968 574)	(9 975 479)
Receivables from exchange transactions	(7 251 496)	509 727
Consumer debtors	(30 740 630)	(28 192 118)
Other receivables from non-exchange transactions	7 440 132	367 006
Payables from exchange transactions	49 722 101	35 211 135
VAT	24 817 733	(46 778 684)
Unspent conditional grants and receipts	(1 533 026)	(1 670 083)
	<b>305 837 641</b>	<b>186 803 230</b>
<b>35. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted and not provided for</b>		
• Capital commitments	106 570 814	- *
• Operating commitments	278 982 614	-
• Commitments	-	49 909 663
	<b>385 553 428</b>	<b>49 909 663</b>
<b>Not yet contracted for and authorised by accounting officer</b>		
• Infrastructure	92 371 872	-
<b>Total capital commitments</b>		
Already contracted and provided for	385 553 428	49 909 663
Not yet contracted for and authorised by accounting officer	92 371 872	-
	<b>477 925 300</b>	<b>49 909 663</b>

This committed expenditure relates to infrastructure projects and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated and applicable grants.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 36. Contingencies

The municipality has contingent liabilities for R 65 883 712 (2017: R 65 999 055) relating to unresolved legal cases. The total amount is made up of the following cases.

#### 1. Fencecor Construction

Fencecor Construction was a sub-contractor for construction of the new Mogwase Waste Disposal Site. Fencecor is suing the Municipality for payment of **R 2 842 111** which flows from a cession/direct payment agreement between the main contractor, Fencecor and the Municipality.

The Municipality is defending the matter since maximum amount of cession has already been paid and exceeded. The case is currently in Court and we are awaiting finalisation and verdict.

Case handled by Van Rooyen, Thlape, Wessels Attorneys in Mafikeng.

#### 2. NWDC

The Municipality is in dispute with NWDC regarding payment of property rates. NWDC owes the Municipality in excess of **R 15 Million** from July 2002. In return NWDC claims compensation from the Municipality for infrastructure installed in Bodirelo in the 1980's to the amount of **R 18 Million** as well as arrear rental amounts for office accommodation in Bodirelo. The matter was referred to Provincial and National Treasury for mediation and possible arbitration.

The Municipality have reached an agreement with NWDC whereby mutual payment by the parties for their respective dues will start on 1 October 2014. The parties are currently paying their respective dues.

The arrear amounts due still needs to be resolved and the parties will consider all options, including high level political intervention and arbitration.

#### 3. Sitona Mining

Sitona Mining is a sub-contractor of Lefika La Thaba, a contractor that was appointed by the Municipality. Sitona is claiming an amount of **R 463 525** plus interest and costs because they allege that the Municipality did not honour the direct payment agreement signed between all the parties.

The Municipality is defending the claim based on the fact that Sitona never submitted an invoice for payment in terms of the direct payment agreement.

Still in progress. The case is handled by Sakkie Smith Attorneys in Mogwase.

#### 4. Van Heerden Construction

Van Heerden Construction is a sub-contractor of Lefika La Thaba, a contractor that was appointed by the Municipality. Van Heerden is claiming R 1 078 782. Van Heerden obtained a Court order and Writ of execution against Lefika La Thaba, Dr. Mokgothu, the owner of Lefika La Thaba as well as the Municipality.

It was established that the Municipality has an amount of R 833 000 left on the project. The amount was paid over to the trust account of Sakkie Smith Attorneys for safekeeping pending finalisation of the matter. The trial date for this matter had been set for 25 August 2016 in the High Court, Mmabatho.

The case is handled by Sakkie Smith Attorneys in Mogwase and is still in progress.

#### 5. Casper Jacobs Construction

The contractor is claiming R 968 621 on three different projects from the Municipality. The Municipality is of the view that the claims have prescribed and entered a plea to this effect.

The case is handled by Sakkie Smith Attorneys in Mogwase and is still in progress.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 36. Contingencies (continued)

#### 6. Ama-Ndebele Nation Ledig

The Ama-Ndebele Nation in Ledig took the Municipality to court demanding an undertaking in writing to supply water for agriculture, mining and industry. The Municipality is defending the matter on two grounds:

Whether the Ama-Ndebele Nation is recognised as an authority; and

That water for mining and agriculture can only be considered if basic water services of communities have been addressed.

Still in progress. The case is handled by Sakkie Smith Attorneys.

#### 7. Rakidi

Claim for **R 74 715.00** for written-off taxi allegedly caused by municipality's driver Mr. Boqo. Insurance needs blood test results before paying out but SAPS not willing to release blood test results until case is finalised. Sheriff attached one municipal vehicle but not yet removed.

Still in progress. Case is handled by Pretorius Attorneys.

#### 8. Claim for death

Claim for **R 9,4 Million** (4,7 Million x 2 children) for death of breadwinner on road between Sun City and Mabeskraal. Municipality is the second defendant and the Department of Public Works the first defendant. Municipality is defending the case based on fact the municipality is not responsible for maintenance of the road and therefore not liable for death.

Still in progress. Case is handled by Pretorius Attorneys.

#### 9. Mafoko Brothers

Claim for **R 536 957.91** on Tender 004/MKLM/2015/2016. Still investigating.

#### 10. Department of Local Government and Human Settlements

In the past the municipality received funds from the Department of Local Government and Human Settlements to be utilised for the Housing Subsidy System. Of the funds received the department has concluded that there is an unspent portion of R 32 519 000 by the municipality.

The municipality is challenging this claim.

### 37. Related parties

#### Relationships

Accounting Officer  
Members of key management

M.V. Letsoalo  
H.L. Fourie  
T.T. Chiloane  
C.K. Molokwane  
A.M. Sefanyetso  
P.P. Shikwane

Senior management comprises of section 57 managers as defined in the Municipal Financial Management Act. Refer to the employee related costs note 23 for details on transactions with management and note 24 for details on transactions with Councillors.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 38. Prior period errors

During the current year the following errors in the prior year were noted and corrected as disclosed in the table below.

#### Restatements in the cash flow statement

The adjustments in the cashflow statements on the comparatives are as a result of the errors and reclassifications noted above as well as errors noted in the recalculation of the movement in the cashflow noted in the prior year.

#### In the notes to the financial statements the following restatements were noted;

- The increase in the commitments is as a result of commitments noted during the current year which were excluded in the the calculation in the prior year as well as errors in calculating the commitments in the contracts that were identified.
- The increase in the fruitless and wasteful expenditure is as a result of inventory losses identified in the 2017 year end stock count. The losses are currently under investigation.
- Amounts that are exposed to credit risk were not disclosed in the prior year. The balances are disclosed as reinstated figures in the current year.
- Unauthorised expenditure noted during the audit summed to a total of R154 201 089. Expenditure on during the year was based on a budget which was approved by council after year end. Not taking this budget into account the unauthorised expenditure was recalculated by the municipality and come to a total of R 60 868 880. Unauthorised expenditure has been noted to this effect.

The correction of the errors resulted in the following adjustments:

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 38. Prior period errors (continued)

#### Statement of financial position

Increase in VAT receivable	<p>The movement in VAT is as a result of various errors noted in the prior year as follows:</p> <p>Decrease in VAT Receivables During the year it was noted that vat billed for services charges billed was disclosed separately as VAT receivable instead of including it as part of the consumer debtors. The VAT has subsequently been reclassified to consumer debtors. (R9 905 328)</p> <p>During the year it was discovered that VAT on impaired debtors was incorrectly deducted as an expense through the statement of financial performance. The error was subsequently resolved. R10 687 572.</p> <p>Prepayment incorrectly recognised in the prior year was raised with VAT portion now reversed R64176</p> <p>Decrease in VAT receivable as a result of correction of prior year service billing and debt impairment (R1 569 293)</p>	722 873
Increase in consumer debtors	<p>The movement in consumer debtors is as a result of various factors as disclosed below:</p> <p>Increase in Consumer debtors water During the year it was discovered that bulk water users debtors were incorrectly charged for water. The error subsequently corrected R 1 186 426</p> <p>Increase in Consumer debtors water During the year it was discovered that Vat was incorrectly charged for service charges from July 2017 to February 2018. R 7 768 185</p> <p>Increase in Consumer debtors service charges During the year it was noted that vat billed for services charges billed was disclosed separately as Vat receivable instead of including it as part of the consumer debtors. The Vat has subsequently been reclassified to consumer debtors. R 9 905 328</p> <p>Increase in consumer assessment rates During the year we noted that assessments rates were understated in the general ledger because of journals that were processed in the previous years and were never reversed after the adjustments were made on individual debtor accounts. R1 041 402</p> <p>Increase in consumer debtors During the year we noted that prior year impairment calculation was overstated as some government debts was impaired in error. As per the impairment policy no impairment is raised on government debtors R5 496 042.</p>	25 397 383



# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand		2018	2017
<b>38. Prior period errors (continued)</b>			
Increase in property, plant and equipment	The increase in assets is as a result of a revaluation of the assets in the current year.	1 901 325 949	
	There is a slight decrease in the property, plant and equipment as a result of the reclassification of intangibles and investment properties from this category to their respective categories.		
Increase in intangible assets	Intangible assets were incorrectly classified as property, plant and equipment. It was also noted that the intangibles were understated and corrections were processed in the current year.	54 268 188	
Decrease in other financial liabilities (Current portion)	The current portion for the finance lease obligation was incorrectly consolidated with that of the other financial liabilities. This resulted in an overstatement of the current portion relating to finance lease obligation and an equivalent understatement of the finance lease obligation for liabilities.	1 302 961	
Increase in finance lease obligation (Current portion)	The current portion for the finance lease obligation was incorrectly consolidated with that of the other financial liabilities. This resulted in an overstatement of the current portion relating to finance lease obligation and an equivalent understatement of the finance lease obligation for liabilities.	(1 303 961)	
Increase in other financial liabilities	It was noted during the current year that in recording the current portion in the prior year the portion relating to finance lease obligations was incorrectly debited from the Other financial liabilities.	1 302 961	
Decrease in finance lease obligation	The short term portion allocated to finance lease was understated by R1 000. The non-current portion was overstated by this amount.	(1 303 961)	
Increase in payables from exchange transactions	The increase in payables is as a result of payables relating to the prior year which were only noted in the current year. These relate primarily to operational costs.	(964 248)	

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand		2018	2017
<b>38. Prior period errors (continued)</b>			
<b>Statement of financial performance</b>			
Decrease in service charges	During the year it was discovered that bulk water users debtors were incorrectly charged for water. The error subsequently corrected R 1 040 725	(15 426 355)	
	During the year it was discovered that Vat was incorrectly charged for service charges from July 2017 to February 2018. R6 814 125		
	During the year we noted that water service charges was over stated with free basic services which was accounted for as revenue. (R 6 435 305)		
	During the year we noted that refuse service charges was overstated with free basic services which was accounted for as revenue (R16 845 973)		
Decrease in general expenses	The increase in payables is as a result of payables relating to the prior year which were only noted in the current year. These relate primarily to operational costs.	21 352 723	-
	During the year we noted that expenses were overstated with free basic services from which there was no cost actually incurred by the municipality. R23 281 278		
Ward committees	Training relating to ward committee members was reallocated to training costs	(461 016)	
Gain on disposal of assets	Gains recognised as a result of a gain in the disposal of assets.	(2 638 784)	
DA decrease in debt impairment	During the year it was discovered that VAT on impaired debtors was incorrectly deducted as an expense through the statement of financial performance. The error was subsequently resolved. R10 687 572	15 714 010	
	During the year we noted that the prior year impairment calculation was overstated as some government debts were impaired in error. Per the impairment policy no impairment is raised on government debtors. R 5 026 439		

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>38. Prior period errors (continued)</b>		
<b>Cash flow statement</b>		
<b>Cash flow from operating activities</b>		
Decrease in taxation		567 741
Increase in sale of goods		4 509 693
Increase in grants		20 080 454
Decrease in employee costs		(3 119 077)
Increase in suppliers		670 942
		<b>22 709 753</b>
<b>Cash flow from investing activities</b>		
Increase in purchase of property, plant and equipment		(146 451 616)
Decrease in proceeds from sale of property, plant and equipment		(160 440 689)
Increase in acquisition of financial assets		284 182 554
		<b>(22 709 751)</b>
<b>Cash flow from financing activities</b>		
Increase in repayment of financial liabilities		(1 302 962)
Decrease in repayment of financial liabilities		1 302 962
		<b>-</b>

### 39. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of financial position

2017

	Note	As previously reported	Correction of error	Re-classification	Restated
VAT receivable		62 134 028	9 182 435	(9 905 328)	61 411 135
Consumer debtors		203 208 463	15 492 055	9 905 328	228 605 846
Property, plant and equipment	1	274 251 814	1 901 327 949	-	3 175 579 763
Intangible assets		-	54 268 188	-	54 268 188
Other financial liabilities (Current portion)		(8 814 647)	-	1 302 961	(7 511 686)
Finance lease obligation (Current portion)		1 000	-	(1 303 961)	(1 302 961)
Other financial liabilities		(44 806 011)	(1 302 960)	-	(46 108 971)
Finance lease obligation (Non-current portion)		(1 533 386)	1 302 961	1 000	(229 425)
Payables from exchange transactions		(112 413 819)	(964 428)	-	(113 378 247)
		<b>1 372 027 442</b>	<b>1 979 306 200</b>	<b>-</b>	<b>3 351 333 642</b>

#### Statement of financial performance

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017		
<b>39. Prior-year adjustments (continued)</b>				
<b>2017</b>				
	<b>Note</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Restated</b>
Service charges		137 776 585	(15 426 355)	122 350 230
Impairment		133 516 136	(15 714 010)	117 802 126
General expenses		(204 203 823)	21 352 723	(182 851 100)
Gain of fair value adjustment		(3 035 017)	(2 638 784)	(5 673 801)
Ward committees		4 612 716	461 016	5 073 732
<b>Surplus for the year</b>		<b>68 666 597</b>	<b>(11 965 410)</b>	<b>56 701 187</b>

### Restatements of notes to the financial statements

	Note	As previously reported	Correction of error	Restated
Commitments		49 909 663	27 184 454	77 094 117
Fruitless and wasteful		20 000	961 811	981 811
Unauthorised expenditure		-	60 868 880	60 868 880
Credit note risk :				-
- Receivables from exchange transactions		-	1 647 133	1 647 133
- Receivables from non-exchange transactions		-	12 602 199	12 602 199
- Prepayments		-	522 576	522 576
- Consumer debtors		-	222 258 301	222 258 301
<b>Surplus for the year</b>		<b>49 929 663</b>	<b>326 045 354</b>	<b>375 975 017</b>

### Cash flow statement

**2017**

	Note	As previously reported	Correction of error	Re-classification	Restated
<b>Cash flow from operating activities</b>					
Taxation		114 218 713	567 741	-	114 786 454
Sale of goods and services		115 110 779	4 509 693	-	119 620 472
Grants		470 964 860	20 080 454	-	491 045 314
Employee costs		(185 023 037)	(3 119 077)	-	(188 142 114)
Suppliers		(480 385 290)	670 942	-	(479 714 348)
		<b>34 886 025</b>	<b>22 709 753</b>	<b>-</b>	<b>57 595 778</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment		(53 190 548)	(146 451 616)	-	(199 642 164)
Proceeds from sale of property, plant and equipment		160 440 689	(160 440 689)	-	-
Acquisition of financial assets		(284 182 554)	284 182 554	-	-
		<b>(176 932 413)</b>	<b>(22 709 751)</b>	<b>-</b>	<b>(199 642 164)</b>
<b>Cash flow from financing activities</b>					
Repayment of other financial liabilities		(7 668 065)	-	(1 302 962)	(8 971 027)
Finance lease payments		(4 767 065)	-	1 302 961	(3 464 104)
		<b>(12 435 130)</b>	<b>-</b>	<b>(1)</b>	<b>(12 435 131)</b>

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 40. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity risk management by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities..

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 40. Risk management (continued)

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of receivables from exchange transactions, receivables from non-exchange transactions, VAT receivable, prepayments, consumer debtors and cash and cash equivalents.

The Municipality manages credit risk in its borrowing and investment activities by dealing with well established financial institutions of high credit standing, and by spreading its exposure over a range of institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the Municipality's credit control and debt collection policy. The Municipality's credit exposure is spread over a large number and a wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad debts and allowance for doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and the consumer debtors note in the financial statements.

The municipality does not have any credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings. The carrying amount of financial assets recorded in the annual financial statements, which is net of impairment losses, represents the municipality's maximum exposure to the credit risk without taking into account the value of any collateral obtained.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Note	Restatements of notes to the financial statements	Restated 2017
Receivables from exchange transactions	8	8 898 629	1 647 133
Receivables from non-exchange transactions	9	4 539 311	12 602 199
VAT receivable	10	36 568 003	61 411 155
Consumer debtors	11	282 678 025	228 605 846
Cash and cash equivalents	12	1 358 488	30 981 594

Financial instruments relating to credit risks were not quantified in the credit risks note disclosed in the prior year.

#### Market risk

##### Interest rate risk

Interest rate risk is defined as that fair value of future cashflows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents investments, and loan payables. The municipality is not exposed to interest rate risk on these financial instruments as the rates applicable are fixed interest rates.

Potential concentration of interest rate risk consists mainly of variable rate deposit investments, long term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made.

### 41. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>42. Events after the reporting date</b>		
The accounting officer is not aware of any matter or circumstance arising since the end of the financial period to the date the financial statements were published.		
<b>43. Unauthorised expenditure</b>		
Unauthorised expenditure for the current	151 266 242	-
<b>44. Fruitless and wasteful expenditure</b>		
Opening balance	8 986 252	8 966 252
Current year fruitless and wasteful expenditure	-	20 000 *
	<b>8 986 252</b>	<b>8 986 252</b>
<b>45. Irregular expenditure</b>		
Opening balance	421 458 505	349 781 910
Add: Irregular Expenditure - current year	14 940 815	71 676 595
	<b>436 399 320</b>	<b>421 458 505</b>
<b>Analysis of expenditure awaiting condonation per age classification</b>		
Current year	14 940 815	71 676 595
Prior years	421 458 505	349 781 910
	<b>436 399 320</b>	<b>421 458 505</b>
<b>Details of irregular expenditure – current year</b>		-
<b>46. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription to SALGA	2 203 311	1 979 090
Amount paid - current year	(2 203 311)	(1 979 090)
	-	-
<b>Audit fees</b>		
Current year subscription	2 568 089	4 609 983
Amount paid - current year	(2 568 089)	(4 609 983)
	-	-
<b>PAYE and UIF</b>		
Current year payable	26 597 013	25 048 311
Amount paid - current year	(26 597 013)	(25 048 311)
	-	-

# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 46. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Pension and Medical Aid Deductions

Current year payable	33 088 382	30 556 235
Amount paid - current year	(33 088 382)	(30 556 235)
	<u>-</u>	<u>-</u>

#### VAT

VAT receivable	<u>36 593 422</u>	<u>61 411 155</u>
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All VAT returns have been submitted by the due date throughout the year.

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2018:

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
DS Kodongo	-	12 167	12 167
P Motswenyane	112	8 864	8 976
ML Mmolawa	-	21 994	21 994
D Chaka	77	6 991	7 068
G Madisa	6	2 511	2 517
G Kgarimetsa	912	13 457	14 369
JM Segale	785	13 714	14 499
RP Motlhaga	1 280	37 061	38 341
A Nquthula	570	5 710	6 280
P Thoboke	732	16 265	16 997
CN Motshabi	576	3 438	4 014
M Nkotswe	666	3 281	3 947
DH Radiokana	-	8 952	8 952
Kapari	9 296	40 193	49 489
AJ Letswamotse	-	888	888
ML Molawa	493	6 983	7 476
MS Mabitsela	576	12 977	13 553
RJ Manganye	576	11 371	11 947
J E G Ditshwene	-	38 088	38 088
R A Diale	16 727	117 229	133 956
	<u>33 384</u>	<u>382 134</u>	<u>415 518</u>

30 June 2017	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
M Rosina	3 218	33 160	36 378
Mogapi	3 471	44 036	47 507
CN Motshabi	489	1 347	1 836
MZ Motsoenyane	1 952	188	2 140
MR Moeng	-	85	85
MS Mabitsela	793	9 286	10 079
RA Diale	50 181	5 576	55 757
JM Segale	1 014	5 136	6 150
KJ Sekomeng	773	4 940	5 713
	<u>61 891</u>	<u>103 754</u>	<u>165 645</u>



# Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 47. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

In line with regulation 36 of the municipal supply chain management the municipality has incurred deviation to the value of R16 179 102 which were submitted to the council for noting. The municipality has been complying with regulation 36 and has kept the register for all deviations recorded for the year

**Moses Kotane Local Municipality**  
**Appendix A**

**Schedule of external loans as at 30 June 2018**

Loan Number	Redeemable	Balance at Friday, 30 June 2017	House owners insurance	Redeemed written off during the period	Balance at Saturday, 30 June 2018	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
<b>Loan Stock</b>							
Mayoral house	8065717250	11,4%	1 122 470	-	57 897	1 064 573	-
Civic centre extension 3	10202511024	10,97%	7 466 755	-	1 011 170	6 455 585	-
	01						
			<b>8 589 225</b>	<b>-</b>	<b>1 069 067</b>	<b>7 520 158</b>	<b>-</b>
<b>Development bank of South Africa</b>							
Roads & Stormwater	100840/1	11,4%	5 285 562	-	525 882	4 759 680	-
Street lighting - Sun City	100840/1	11,4%	4 290 146	-	430 267	3 859 879	-
Street Mabela A Podi	101899	10,03%	1 975 083	-	423 815	1 551 268	-
Water	10248/1	8,80%	15 790 655	-	1 893 013	13 897 642	-
			<b>27 341 446</b>	<b>-</b>	<b>3 272 977</b>	<b>24 068 469</b>	<b>-</b>
<b>INCA</b>							
Civic Centre		14%	1 159 436	-	1 159 436	-	-
Civic Centre Extension 1	6457	11,4%	6 754 584	-	1 220 393	5 534 191	-
Civic Centre Extension 2	9078	11,48%	7 661 440	-	408 750	7 252 690	-
INCA Paypoints (Community Halls)	18721	13,85%	2 114 527	-	196 641	1 917 886	-
			<b>17 689 987</b>	<b>-</b>	<b>2 985 220</b>	<b>14 704 767</b>	<b>-</b>
<b>Bonds</b>							
Transport	84212539		56 164	-	47 767	8 397	-
Transport	84312652		56 164	-	47 767	8 397	-
Transport	84312784		56 164	-	47 767	8 397	-
Transport	84312962		56 164	-	47 767	8 397	-
Transport	84312989		56 164	-	47 767	8 397	-
Transport	84313128		56 164	-	47 767	8 397	-
Transport	84313357		56 164	-	47 767	8 397	-

**Moses Kotane Local Municipality**  
**Appendix A**

**Schedule of external loans as at 30 June 2018**

	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at Friday, 30 June 2017</b>	<b>House owners insurance</b>	<b>Redeemed written off during the period</b>	<b>Balance at Saturday, 30 June 2018</b>	<b>Carrying Value of Property, Plant &amp; Equip Rand</b>	<b>Other Costs in accordance with the MFMA Rand</b>
			<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>		
Transport	84314620		56 186	-	47 787	8 399	-	-
Transport	84314850		89 814	-	76 386	13 428	-	-
Transport	84314906		56 186	-	47 787	8 399	-	-
Transport	84314981		60 458	-	51 419	9 039	-	-
Transport	84315023		89 814	-	76 386	13 428	-	-
Transport	84315180		89 814	-	76 386	13 428	-	-
Transport	84315210		101 482	-	86 310	15 172	-	-
Transport	84315317		56 186	-	47 787	8 399	-	-
Transport	84315392		89 814	-	76 386	13 428	-	-
Transport	84315422		56 186	-	47 787	8 399	-	-
Transport	84315520		56 186	-	47 787	8 399	-	-
Transport	84315597		56 186	-	47 787	8 399	-	-
Transport	84315759		56 186	-	47 787	8 399	-	-
Transport	84315830		56 186	-	47 787	8 399	-	-
Transport	84315937		56 186	-	47 787	8 399	-	-
Transport	84316038		56 186	-	47 787	8 399	-	-
Transport	84316437		56 186	-	47 787	8 399	-	-
			<b>1 532 390</b>	<b>-</b>	<b>1 303 299</b>	<b>229 091</b>	<b>-</b>	<b>-</b>
Total external loans			<b>55 153 048</b>	<b>-</b>	<b>8 630 563</b>	<b>46 522 485</b>	<b>-</b>	<b>-</b>

**Moses Kotane Local Municipality**  
**Moses Kotane Local Municipality**  
**Appendix B**

**Analysis of property, plant and equipment as at 30 June 2018**  
**Cost** **Accumulated depreciation & Impairment loss**

	Opening Balance	Prior period error	Restated opening balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Prior year adjustment	Additions	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Land and buildings</b>														
Land	244 051 151	-	-	-	-	-	244 051 151	-	-	-	-	-	-	244 051 151
Buildings	70 715 212	-	-	-	-	-	70 715 212	(37 825 211)	-	-	(1 692 804)	-	(39 518 015)	31 197 197
Community facilities	594 838 351	-	-	19 708 769	-	-	614 547 120	(233 020 433)	-	-	(14 418 506)	-	(247 438 939)	367 108 181
Work-in-progress: Buildings	1 766 210	-	-	753 272	-	-	2 519 482	-	-	-	-	-	-	2 519 482
Work in progress: Community facilities	6 549 091	-	-	15 144 943	(19 708 769)	-	1 985 265	-	-	-	-	-	-	1 985 265
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>917 920 015</b>	<b>-</b>	<b>-</b>	<b>35 606 984</b>	<b>(19 708 769)</b>	<b>-</b>	<b>933 818 230</b>	<b>(270 845 644)</b>	<b>-</b>	<b>-</b>	<b>(16 111 310)</b>	<b>-</b>	<b>(286 956 954)</b>	<b>646 861 276</b>
<b>Infrastructure</b>														
Roads Network Infrastructure	1 127 782 145	-	-	35 356 388	-	-	1 163 138 533	(378 469 801)	-	-	(66 647 095)	-	(445 116 896)	718 021 637
Storm Water Infrastructure	72 186 877	-	-	3 153 688	-	-	75 340 565	(30 252 113)	-	-	(2 520 074)	-	(32 772 187)	42 568 378
Water Supply Network Infrastructure	2 719 597 653	-	-	40 648 569	-	-	2 760 246 222	(1 414 566 252)	-	-	(45 786 107)	-	(1 460 352 359)	1 299 893 863
Electrical Network Infrastructure	122 432 478	-	-	112 152	-	-	122 544 630	(49 376 080)	-	-	(2 721 746)	-	(52 097 826)	70 446 804
Sanitation Network Infrastructure	162 509 297	-	-	295 456	-	-	162 804 753	(69 548 509)	-	-	(2 774 207)	-	(72 322 716)	90 482 037
Solid waste infrastructure	23 317 511	-	-	-	-	-	23 317 511	(10 067 454)	-	-	(526 435)	-	(10 593 889)	12 723 622
Information and Communication Infrastructure	-	-	-	33 956 811	-	-	33 956 811	-	-	-	(2 037 409)	-	(2 037 409)	31 919 402
Work-in-progress : Roads Network Infrastructure	43 861 628	-	-	45 835 177	-	(48 774 918)	40 921 887	-	-	-	-	-	-	40 921 887
Work -in-progress: Storm Water Infrastructure	-	-	-	7 336 249	-	-	7 336 249	-	-	-	-	-	-	7 336 249
Work -in-progress: Water Supply Network Infrastructure	66 834 417	-	-	85 368 847	-	(40 649 083)	111 554 181	-	-	-	-	-	-	111 554 181
Work -in-progress: Electrical Network Infrastructure	22 678 757	-	-	13 553 584	-	(111 638)	36 120 703	-	-	-	-	-	-	36 120 703
Work -in-progress: Sanitation Network Infrastructure	-	-	-	295 456	-	(295 456)	-	-	-	-	-	-	-	-
Work -in-progress: Information and communication infrastructure	33 956 811	-	-	-	-	(33 956 811)	-	-	-	-	-	-	-	-
Work -in-progress: Solid waste infrastructure	1 829 032	-	-	11 716 160	-	-	13 545 192	-	-	-	-	-	-	13 545 192
Capital spares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>4 396 986 606</b>	<b>-</b>	<b>-</b>	<b>277 628 537</b>	<b>-</b>	<b>(123 787 906)</b>	<b>4 550 827 237</b>	<b>(1 952 280 209)</b>	<b>-</b>	<b>-</b>	<b>(123 013 073)</b>	<b>-</b>	<b>(2 075 293 282)</b>	<b>2 475 533 955</b>
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Moses Kotane Local Municipality  
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Appendix B

Analysis of property, plant and equipment as at 30 June 2018  
Cost Accumulated depreciation & Impairment loss

	Opening Balance	Prior priod error	Restated opening balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Prior year adjustment	Additions	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Heritage assets</b>														
Sculpture	14 000	-	-	-	-	-	14 000	-	-	-	-	-	-	14 000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>14 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 000</b>
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>														
Furniture and Fittings	14 560 343	1 457 122	-	1 422 386	(733)	-	17 439 118	(7 089 773)	-	584	(1 821 861)	-	(8 911 050)	8 528 068
Office Equipment	36 950 489	1 971 304	-	538 281	(18 580)	-	39 441 494	(19 972 786)	-	12 335	(4 151 853)	-	(24 112 304)	15 329 190
Motor Vehicles	64 957 921	(1 836 104)	-	793 764	-	-	63 915 581	(31 025 668)	-	-	(5 543 357)	-	(36 569 025)	27 346 556
Plant & Equipment	8 050 280	471 641	-	262 776	-	-	8 784 697	(5 076 175)	-	-	(620 153)	-	(5 696 328)	3 088 369
Leased Motor Vehicles	5 452 977	-	-	5	-	-	5 452 982	(3 315 006)	-	-	(356 882)	-	(3 671 888)	1 781 094
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>129 972 010</b>	<b>2 063 963</b>	<b>-</b>	<b>3 017 212</b>	<b>(19 313)</b>	<b>-</b>	<b>135 033 872</b>	<b>(66 479 408)</b>	<b>-</b>	<b>12 919</b>	<b>(12 494 106)</b>	<b>-</b>	<b>(78 960 595)</b>	<b>56 073 277</b>

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**Appendix B**

**Analysis of property, plant and equipment as at 30 June 2018**  
**Cost** **Accumulated depreciation & Impairment loss**

	Opening Balance	Prior priod error	Restated opening balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Prior year adjustment	Additions	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Total property plant and equipment</b>														
Land and buildings	917 920 015	-	-	35 606 984	(19 708 769)	-	933 818 230	(270 845 644)	-	-	(16 111 310)	-	(286 956 954)	646 861 276
Infrastructure	4 396 986 606	-	-	277 628 537	-	(123 787 906)	4 550 827 237	(1 952 280 209)	-	-	(123 013 073)	-	2 075 293 282	2 475 533 955
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	14 000	-	-	-	-	-	14 000	-	-	-	-	-	-	14 000
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	129 972 010	2 063 963	-	3 017 212	(19 313)	-	135 033 872	(66 479 408)	-	12 919	(12 494 106)	-	(78 960 595)	56 073 277
	<b>5 444 892 631</b>	<b>2 063 963</b>	<b>-</b>	<b>316 252 733</b>	<b>(19 728 082)</b>	<b>(123 787 906)</b>	<b>5 619 693 339</b>	<b>2 289 605 261)</b>	<b>-</b>	<b>12 919</b>	<b>(151 618 489)</b>	<b>-</b>	<b>2 441 210 831)</b>	<b>3 178 482 508</b>
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Intangible assets</b>														
Computers - software & programming	74 697 178	-	-	7 913 386	-	-	82 610 564	(16 055 327)	-	-	(17 487 710)	-	(33 543 037)	49 067 527
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>74 697 178</b>	<b>-</b>	<b>-</b>	<b>7 913 386</b>	<b>-</b>	<b>-</b>	<b>82 610 564</b>	<b>(16 055 327)</b>	<b>-</b>	<b>-</b>	<b>(17 487 710)</b>	<b>-</b>	<b>(33 543 037)</b>	<b>49 067 527</b>
<b>Investment properties</b>														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>														
Land and buildings	917 920 015	-	-	35 606 984	(19 708 769)	-	933 818 230	(270 845 644)	-	-	(16 111 310)	-	(286 956 954)	646 861 276
Infrastructure	4 396 986 606	-	-	277 628 537	-	(123 787 906)	4 550 827 237	(1 952 280 209)	-	-	(123 013 073)	-	2 075 293 282	2 475 533 955
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	14 000	-	-	-	-	-	14 000	-	-	-	-	-	-	14 000
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	129 972 010	2 063 963	-	3 017 212	(19 313)	-	135 033 872	(66 479 408)	-	12 919	(12 494 106)	-	(78 960 595)	56 073 277
Intangible assets	74 697 178	-	-	7 913 386	-	-	82 610 564	(16 055 327)	-	-	(17 487 710)	-	(33 543 037)	49 067 527
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>5 519 589 809</b>	<b>2 063 963</b>	<b>-</b>	<b>324 166 119</b>	<b>(19 728 082)</b>	<b>(123 787 906)</b>	<b>5 702 303 903</b>	<b>2 305 660 588)</b>	<b>-</b>	<b>12 919</b>	<b>(169 106 199)</b>	<b>-</b>	<b>2 474 753 868)</b>	<b>3 227 550 035</b>

**Moses Kotane Local Municipality**  
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**Appendix B**

**Analysis of property, plant and equipment as at 30 June 2017**  
**Cost** **Accumulated depreciation**

	Opening Balance	Prior period reclassification	Derecognition	Asset exchange	WIP Commissioned	Other changes, movements	Closing Balance	Opening Balance	Derecognition	Asset exchange	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Land and buildings</b>														
Land	23 962 149	220 089 002	-	-	-	-	244 051 151	-	-	-	-	-	-	244 051 151
Buildings	156 677 366	(123 787 364)	-	-	-	-	32 890 002	-	-	-	-	-	-	32 890 002
Community Facilities	31 094 063	330 723 855	-	-	-	-	361 817 918	-	-	-	-	-	-	361 817 918
Work in progress: Buildings	-	1 766 210	-	-	-	-	1 766 210	-	-	-	-	-	-	1 766 210
Work in progress: Community facilities	-	6 549 091	-	-	-	-	6 549 091	-	-	-	-	-	-	6 549 091
<b>211 733 578</b>	<b>435 340 794</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>647 074 372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>647 074 372</b>
<b>Infrastructure</b>														
Roads, Pavements & Bridges	555 215 144	32 013 012	-	-	-	-	587 228 156	(305 202 590)	-	-	(25 592 890)	-	(330 795 480)	256 432 676
Street lighting	65 186 361	-	-	-	-	-	65 186 361	(21 668 223)	-	-	(2 646 868)	-	(24 315 091)	40 871 270
Water reticulation	363 770 413	151 145	-	-	-	-	363 921 558	(204 954 256)	-	-	(14 127 839)	(61 237)	(219 143 332)	144 778 226
Water boreholes	58 531 603	1 793 971	-	-	-	-	60 325 574	(33 655 531)	-	-	(3 899 293)	(3 844 263)	(41 399 087)	18 926 487
Water pump station	4 407 293	-	-	-	-	-	4 407 293	(3 463 635)	-	-	(125 754)	-	(3 589 389)	817 904
Water reservoir	83 402 375	55 649	-	-	-	-	83 458 024	(39 142 523)	-	-	(3 250 606)	-	(42 393 129)	41 064 895
Water bulk pipelines	208 270 117	-	-	-	-	-	208 270 117	(150 516 337)	-	-	(5 500 073)	-	(156 016 410)	52 253 707
Water treatment works	16 551 530	3 235 231	-	-	-	-	19 786 761	(7 645 417)	-	-	(783 034)	-	(8 428 451)	11 358 310
Stormwater	9 800 031	-	-	-	-	-	9 800 031	(535 932)	-	-	(381 861)	-	(917 793)	8 882 238
Sewerage mains & Purification plant	64 785 994	-	-	-	-	-	64 785 994	(41 605 714)	-	-	(1 981 393)	-	(43 587 107)	21 198 887
Refuse disposal site	46 140 054	1 456 400	-	-	-	-	47 596 454	(17 999 109)	-	-	(3 781 798)	-	(21 780 907)	25 815 547
Work in progress	215 035 248	175 714 529	-	-	(38 705 416)	-	352 044 361	-	-	-	-	-	-	352 044 361
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>1 691 096 163</b>	<b>214 419 937</b>	<b>-</b>	<b>-</b>	<b>(38 705 416)</b>	<b>-</b>	<b>-</b>	<b>1 866 810 684</b>	<b>(826 389 267)</b>	<b>-</b>	<b>-</b>	<b>(62 071 409)</b>	<b>(3 905 500)</b>	<b>(892 366 176)</b>	<b>974 444 508</b>
<b>Community Assets</b>														
Parks & gardens	6 258 668	-	-	-	-	-	6 258 668	(2 820 993)	-	-	(478 337)	-	(3 299 330)	2 959 338
Civic building	88 661 366	12 889 192	-	-	-	-	101 550 558	(22 245 271)	-	-	(5 941 536)	(3 122 741)	(31 309 548)	70 241 010
Library	4 177 124	-	-	-	-	-	4 177 124	(1 528 061)	-	-	(147 433)	-	(1 675 494)	2 501 630
Recreational grounds	27 819 775	-	-	-	-	-	27 819 775	(13 548 228)	-	-	(1 413 616)	-	(14 961 844)	12 857 931
Cemetries	7 523 403	-	-	-	-	-	7 523 403	(3 663 591)	-	-	(271 828)	-	(3 935 419)	3 587 984
Work in progress	44 336 365	8 319 241	-	-	(12 889 192)	-	39 766 414	-	-	-	-	-	-	39 766 414
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>178 776 701</b>	<b>21 208 433</b>	<b>-</b>	<b>-</b>	<b>(12 889 192)</b>	<b>-</b>	<b>-</b>	<b>187 095 942</b>	<b>(43 806 144)</b>	<b>-</b>	<b>-</b>	<b>(8 252 750)</b>	<b>(3 122 741)</b>	<b>(55 181 635)</b>	<b>131 914 307</b>

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Analysis of property, plant and equipment as at 30 June 2017  
Cost Accumulated depreciation

	Opening Balance	Prior period reclassification	Derecognition	Asset exchange	WIP Commissioned	Other changes, movements	Closing Balance	Opening Balance	Derecognition	Asset exchange	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Heritage assets</b>														
Sculpture	14 000	-	-	-	-	-	14 000	-	-	-	-	-	-	14 000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>14 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 000</b>
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>														
Furniture and fittings	13 685 798	1 053 345	(354 384)	-	-	-	14 384 759	(5 283 325)	225 007	-	(1 577 644)	(82 579)	(6 718 541)	7 666 218
Motor vehicles	60 901 513	7 011 290	(2 954 881)	-	-	-	64 957 922	(30 084 287)	1 265 084	-	(5 416 315)	(227 068)	(34 462 586)	30 495 336
Leased motor vehicles	5 452 977	-	-	-	-	-	5 452 977	(2 843 960)	-	-	(609 147)	-	(3 453 107)	1 999 870
Plant & equipment	7 649 209	1 409 614	(1 026 002)	-	-	-	8 032 821	(5 103 765)	787 092	-	(677 345)	(120 194)	(5 114 212)	2 918 609
Office equipment	39 621 682	206 766	(3 727 183)	936 397	-	-	37 037 662	(18 882 003)	2 685 249	-	(5 187 713)	(11 743)	(21 396 210)	15 641 452
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>127 311 179</b>	<b>9 681 015</b>	<b>(8 062 450)</b>	<b>936 397</b>	<b>-</b>	<b>-</b>	<b>129 866 141</b>	<b>(62 197 340)</b>	<b>4 962 432</b>	<b>-</b>	<b>(13 468 164)</b>	<b>(441 584)</b>	<b>(71 144 656)</b>	<b>58 721 485</b>



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**Appendix B**

**Analysis of property, plant and equipment as at 30 June 2017**  
**Cost** **Accumulated depreciation**

	Opening Balance	Prior period reclassification	Derecognition	Asset exchange	WIP Commissioned	Other changes, movements	Closing Balance	Opening Balance	Derecognition	Asset exchange	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Total property plant and equipment</b>														
Land and buildings	211 733 578	435 340 794	-	-	-	-	<b>647 074 372</b>	-	-	-	-	-	-	647 074 372
Infrastructure	1 691 096 163	214 419 937	-	-	(38 705 416)	-	<b>1 866 810 684</b>	(826 389 267)	-	-	(62 071 409)	(3 905 500)	<b>(892 366 176)</b>	974 444 508
Community Assets	178 776 701	21 208 433	-	-	(12 889 192)	-	<b>187 095 942</b>	(43 806 144)	-	-	(8 252 750)	(3 122 741)	<b>(55 181 635)</b>	131 914 307
Heritage assets	14 000	-	-	-	-	-	<b>14 000</b>	-	-	-	-	-	-	14 000
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	127 311 179	9 681 015	(8 062 450)	936 397	-	-	<b>129 866 141</b>	(62 197 340)	4 962 432	-	(13 468 164)	(441 584)	<b>(71 144 656)</b>	58 721 485
	<b>2 208 931 621</b>	<b>680 650 179</b>	<b>(8 062 450)</b>	<b>936 397</b>	<b>(51 594 608)</b>	<b>-</b>	<b>2 830 861 139</b>	<b>(932 392 751)</b>	<b>4 962 432</b>	<b>-</b>	<b>(83 792 323)</b>	<b>(7 469 825)</b>	<b>1 018 692 467</b>	<b>1 812 168 672</b>
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Intangible assets</b>														
Computers - software & programming	19 570 600	3 080 000	-	-	6 728 000	-	<b>29 378 600</b>	(6 402 020)	-	-	(6 228 018)	-	<b>(12 630 038)</b>	16 748 562
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>19 570 600</b>	<b>3 080 000</b>	<b>-</b>	<b>-</b>	<b>6 728 000</b>	<b>-</b>	<b>29 378 600</b>	<b>(6 402 020)</b>	<b>-</b>	<b>-</b>	<b>(6 228 018)</b>	<b>-</b>	<b>(12 630 038)</b>	<b>16 748 562</b>
<b>Investment properties</b>														
Investment property	38 795 400	-	-	-	-	-	<b>38 795 400</b>	-	-	-	-	-	-	38 795 400
	<b>38 795 400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38 795 400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38 795 400</b>
<b>Total</b>														
Land and buildings	211 733 578	435 340 794	-	-	-	-	<b>647 074 372</b>	-	-	-	-	-	-	647 074 372
Infrastructure	1 691 096 163	214 419 937	-	-	(38 705 416)	-	<b>1 866 810 684</b>	(826 389 267)	-	-	(62 071 409)	(3 905 500)	<b>(892 366 176)</b>	974 444 508
Community Assets	178 776 701	21 208 433	-	-	(12 889 192)	-	<b>187 095 942</b>	(43 806 144)	-	-	(8 252 750)	(3 122 741)	<b>(55 181 635)</b>	131 914 307
Heritage assets	14 000	-	-	-	-	-	<b>14 000</b>	-	-	-	-	-	-	14 000
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	127 311 179	9 681 015	(8 062 450)	936 397	-	-	<b>129 866 141</b>	(62 197 340)	4 962 432	-	(13 468 164)	(441 584)	<b>(71 144 656)</b>	58 721 485
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	19 570 600	3 080 000	-	-	6 728 000	-	<b>29 378 600</b>	(6 402 020)	-	-	(6 228 018)	-	<b>(12 630 038)</b>	16 748 562
Investment properties	38 795 400	-	-	-	-	-	<b>38 795 400</b>	-	-	-	-	-	-	38 795 400
	<b>2 267 297 621</b>	<b>683 730 179</b>	<b>(8 062 450)</b>	<b>936 397</b>	<b>(44 866 608)</b>	<b>-</b>	<b>2 899 035 139</b>	<b>(938 794 771)</b>	<b>4 962 432</b>	<b>-</b>	<b>(90 020 341)</b>	<b>(7 469 825)</b>	<b>1 031 322 505</b>	<b>1 867 712 634</b>

## Moses Kotane Local Municipality

Annual financial statements for the year ended 30 June 2018

### Appendix C

#### Segmental analysis of property, plant and equipments as at 30 June 2018

Deparment	Cost/Revaluation			
	Opening balance	Additions	Disposals	Closing balance
	Rand	Rand	Rand	Rand
Mayoral	-	-	-	-
Council	-	-	-	-
Budget and Treasury office		43,110.00		<b>43,110.00</b>
Corporate service	191,795,276.09	3,679,885.37		<b>195,475,161.46</b>
Community services	1,081,985,079.78	27,456,859.00		<b>1,109,441,938.78</b>
Town Planning				
Infrastructure	1,667,847,622.80	5,020,462.65		<b>1,672,868,085.45</b>
Sanitation				-
Water		3,369,126.08		<b>3,369,126.08</b>
	<b>2,941,627,978.67</b>	<b>39,569,443.10</b>	-	<b>2,981,197,421.77</b>

## Moses Kotane Local Municipality

Annual financial statements for the year ended 30 June 2018

### Appendix D

#### Segmental Statement of Financial Performance for the year end 30 June 2016

Cost centre	Department	Actual Income Rand	Actual Expenditure Rand	Gains /losses Rand	Surplus/(Deficit) Rand
	31 Mayoral	1,000,000	-	64,327,946	-
	32 Council		-	18,875,839	-
	33 Budget and Treasury office	508,474,268	-	57,059,016	-
	34 Corporate service		-	138,209,179	-
	35 Community services	52,347,800	-	177,474,473	-
	36 Town Planning	55,947	-	15,586,512	-
	37 Infrastructure	77,428,194	-	115,510,564	-
	38 Sanitation	12,146,134	-	34,258,331	-
	39 Water	235,179,438	-	294,197,157	-
		886,631,781	-	915,499,017	-
				465,488	-

**Moses Kotane Local Municipality**  
**Appendix E(1)**

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2018**

	Current year 2018 Act. Bal.	Current year 2018 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand		
<b>Revenue</b>					
Property rates	122 556 703	(117 634 021)	240 190 724	(204,2)	N/A
Service charges	127 467 746	131 953 454	(4 485 708)	(3,4)	N/A
Interest received (trading)	66 021 293	64 900 000	1 121 293	1,7	N/A
Commissions received	152 386	180 000	(27 614)	(15,3)	N/A
Rental income	85 253	-	85 253	-	
Sale of stands/Land	460 000	460 000	-	-	N/A
Other income	1 033 869	1 884 000	(850 131)	(45,1)	N/A
Government grants & subsidies	383 250 052	(585 503 601)	968 753 653	(165,5)	N/A
Fines, Penalties and Forfeits	3 551 690	5 000 000	(1 448 310)	(29,0)	
Dividends received	-	5 900 000	(5 900 000)	(100,0)	N/A
	704 578 992	(492 860 168)	197 439 160	(243,0)	
<b>Expenses</b>					
Personnel	(185 017 585)	(187 201 835)	2 184 250	(1,2)	N/A
Remuneration of councillors	(18 577 043)	(21 871 057)	3 294 014	(15,1)	N/A
Contribution to provisions	(500 000)	-	(500 000)	-	N/A
Depreciation	(118 854 335)	(71 643 548)	(47 210 787)	65,9	N/A
Impairment loss/Reversal of impairments	(117 878)	-	(117 878)	-	N/A
Finance costs	(4 581 813)	(6 829 519)	2 247 706	(32,9)	N/A
Debt Impairment	(96 453 419)	(100 453 419)	4 000 000	(4,0)	N/A
Lease rentals on operating lease	(2 440 004)	(5 100 000)	2 659 996	(52,2)	N/A
Outsourced services/R&M	(68 629 203)	(63 049 334)	(5 579 869)	8,9	N/A
Bulk purchases	(87 937 325)	(85 251 620)	(2 685 705)	3,2	N/A
Contracted Services	(70 792 427)	-	(70 792 427)	-	
Ward committees	(203 190)	-	(203 190)	-	
General Expenses	(161 683 525)	(104 764 646)	(56 918 879)	54,3	N/A
	(815 787 747)	(646 164 978)	(169 622 769)	26,3	
<b>Other revenue and costs</b>					
Gain or loss on disposal of assets and liabilities	-	-	-	-	
Fair value adjustments	-	-	-	-	
Gain or loss on disposal of non-current assets held for sale or disposal groups	(124 274)	-	(124 274)	-	
Fair value adjustment	-	100 000	(100 000)	(100,0)	N/A
	(124 274)	100 000	(224 274)	(224,3)	N/A
Net surplus/ (deficit) for the year	(111 333 029)	138 925 146)	027 592 117	(90,2)	

Moses Kotane Local Municipality  
Appendix F  
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Dec	Mar	Jun	Sep		Dec	Mar	Jun	Sep		Dec	Mar	Jun	Sep				
MIG	National Government	45 725	50 965	-	45 725	52 415	53 239	45 725	40 342	-	37 343	10 000	-	-	-	10 000	Slow spending	Yes	
FMG	National Government	-	-	-	1 700	1 700	153	575	822	149	1 700	-	-	-	-	-		Yes	
Water Infr Grant	National Government	26 500	28 500	-	-	55 000	-	-	38 966	-	38 966	10 956	-	-	-	10 956	Slow spending	Yes	
EPWP	National Government	-	750	-	250	1 000	250	450	300	-	1 000	958	-	-	-	958	Slow spending	Yes	
Library		1 350	-	-	-	1 350	43	95	889	-	1 101	-	-	-	-	-		Yes	
PIG	Provincial Infrastructure Grant	-	2 202	4 357	-	6 560	4 812	1 038	710	-	6 560	-	-	-	-	-			
		73 575	82 417	4 357	47 675	118 025	58 497	47 883	82 029	149	86 670	21 914	-	-	-	21 914			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

# Moses Kotane Local Municipality

Annual financial statements for the year ended 30 June 2018

## Appendix H

<b>General statistics</b>		<b>2,018</b>	<b>2,017</b>
Population		242,553	242,553
Registered voters		123,391	116,000
Valuation date: January 2012 with effect from July 2012			
<b>Total valuations</b>		<b>6,302,740,772</b>	<b>5,407,390,404</b>
Assessment rates			
Calculated on the improved value of the property			
Residential	per rand	0.000693	0.000654
		Less 17,000 on valuation	Less 17,000 on valuation
		plus a rebate of 20% if developed	
Mining		0.07344	0.06929
Commercial		0.01746	0.01648
Other properties and right in land			
Sun City		0.03453	0.03258
Government properties and Tertiary Institutions		0.05368	0.05212
Industrial		0.00562	0.00531
Number of properties			
Residential	Formal	12,809	4,437
Commercial	Formal	197	228
Churches	Formal	17	15
Service charges: (Per site)			
<b>Refuse Removal</b>			
Residential		37.08 INCL VAT	33.71 INCL VAT
Commercial		75.83 INCL VAT	68.94 INCL VAT
<b>Sewerage</b>			
Residential		35.80 INCL VAT	32.55 plus VAT
Commercial		71.46 INCL VAT	64.97 plus VAT
Industries		8.77 of 60% of water consumed	of 60% of water consumed
<b>Water</b>			
Residential		0 to 6kl Free of Charges	0 to 6kl Free of Charges
		6.1 to 45kl 18.55	6.1 to 45kl 16.87
		45.1 kl and above 21.36	45.1 kl and above 19.42
Small Business and State Department		0 to 45 kl 18.55	0 to 45 kl 16.87
		45.1 kl and above 22.23	45.1 kl and above 20.21
Bulk Consumers		19.19 per kl	17.45 per kl
Sun City		14 per kl	12.73 per kl
All water tariffs are inclusive of VAT			
<b>Water Statistics</b>			
Number of users		152,795	152,795
Kl Purchased		15,400,665	14,654,058
Kl Sold		12,244,900	12,640,854
Free basic Kl		1,440,936	1,237,480
Kl Lost in distribution		1,714,829	775,724
Percentage lost in distribution		11%	5.29%
Cost per kl bought		17.988	18.999
Loss in distribution		30,847,043.71	14,738,326.85
Cost per kl sold		34.30	22.03
Income per kl sold		11.35	8.66
Number of employees		519	510
Number of councilors		67	68

## MOSES KOTANE LOCAL MUNICIPALITY

Annual financial statements for the year ended 30 June 2018

### APPENDIX I

#### COUNCILLORS' ALLOWANCES

COUNCILLOR	POSITION	BASIC	TRAV.ALL	PENSION CC	MEDICAL CC	PHONE ALL	DATA	TOTAL
MR R A DIALE	MAYOR	541,211	206,603	78,599	-	-	3,600	830,014
MR S VAVA	SPEAKER	432,968	165,282	62,879	-	44,300	3,600	709,029
MS M Z MATSHABA	WHIP	390,169	154,953	57,410	17,280	40,800	3,600	664,211
MR T R MANGANYE	OVERSIGHT COMMITTEE	394,001	150,407	57,220	-	40,800	3,600	646,028
MR LL KAPARI	EXCO MEMBER	390,883	154,953	56,695	17,280	40,800	3,600	664,211
MR RE MASHIMO	EXCO MEMBER	405,909	154,953	58,949	-	40,800	3,600	664,211
MR XV KHESWA	EXCO MEMBER	405,909	154,953	58,949	-	40,800	3,600	664,211
MS C N MOTSHABI	EXCO MEMBER	390,883	154,953	56,695	17,280	40,800	3,600	664,211
MS DR TSHETHANE	EXCO MEMBER	526,186	-	76,345	17,280	40,800	3,600	664,211
MR A R RAMOKOKA	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR BJ MATJILA	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR DJS CHAKA	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR DR MMOLAWA	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MR G D MOATSHI	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MR GI APHIRI	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MR GI SIKO	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR H B SEKAO	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR HK KODONGO	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MR JS SIBANDA	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR KD BUBISI	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR KJ SEKOMENG	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR L MOATE	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR LK SEDILE	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR MJ MOSITO	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MR MO MOGAPI	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR MP MATLAKALA	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR MS MABITSELA	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR MT KUNENE	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR PM TAME	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR R P MOTLHAGA	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR ST TLADI	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR TG MADISA	COUNCILLOR	157,165	65,314	22,778	16,272	40,800	3,600	305,929
MR TJ MOTSHEGARE	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MR TP THOBOKE	COUNCILLOR	228,385	-	33,144	-	40,800	3,600	305,929
MRS M MANGANYE	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MRS MA MAGODIELO	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MRS MN NKOTSWI	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MS AO SENNELI	COUNCILLOR	161,297	65,314	23,398	11,520	40,800	3,600	305,929
MS AT LETSWAMOTSE	COUNCILLOR	157,096	59,871	22,768	-	37,400	3,300	280,435
MS BM PONOSHO	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MS DD TAU	COUNCILLOR	228,385	-	33,144	-	40,800	3,600	305,929
MS E MATSHERENG	COUNCILLOR	168,810	65,314	24,525	2,880	40,800	3,600	305,929
MS H KGOUWE	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MS IKD GOUWE	COUNCILLOR	157,900	65,314	22,889	15,426	40,800	3,600	305,929
MS J M RADIOKANA	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MS JEG DITSHWENE	COUNCILLOR	155,639	65,314	22,550	18,026	40,800	3,600	305,929
MS K M KHUNOU	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MS K SEANEGO	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MS KE KERILENG	COUNCILLOR	157,900	65,314	22,889	15,426	40,800	3,600	305,929
MS KJ TUKISI	COUNCILLOR	162,549	65,314	23,586	10,080	40,800	3,600	305,929
MS LP LESOMO	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MS M M MOKGATLHE	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MS MJ SEGALI	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MS ML MODIMOKWANE	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MS MR MOENG	COUNCILLOR	158,007	65,314	22,905	15,303	40,800	3,600	305,929
MS MT RAMOKOKA	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MS MZ MOTSOENYANE	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MS N DELEKI	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MS N MOLLO	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MS NM RUELE	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MS OG KGARIMETSA	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MS OP MOTSHEGWE	COUNCILLOR	158,920	65,314	23,042	14,254	40,800	3,600	305,929
MS P NQUTHULA	COUNCILLOR	157,540	65,314	22,835	15,840	40,800	3,600	305,929
MS R M LUKHELE	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MS RM MASILO	COUNCILLOR	157,900	65,314	22,889	15,426	40,800	3,600	305,929
MS T BOTLHOKWANE	COUNCILLOR	156,288	65,314	22,647	17,280	40,800	3,600	305,929
MS TK BOIKANYO	COUNCILLOR	171,314	65,314	24,901	-	40,800	3,600	305,929
MS ZL KGAME	COUNCILLOR	157,886	65,314	22,887	15,442	40,800	3,600	305,929
<b>Grand Total</b>		<b>13,715,929</b>	<b>5,014,514</b>	<b>1,991,797</b>	<b>494,215</b>	<b>2,733,700</b>	<b>244,500</b>	<b>24,194,654</b>